TENTH ANNUAL REVIEW

# PUBLIC UTILITIES INVESTMENT NEWS

*Two Parts* *Part II*

*A Weekly Financial Journal Devoted to Investments, Commerce and Business*

108 South La Salle Street CHICAGO, ILL. DECEMBER 27, 1924

# Index to Advertisements



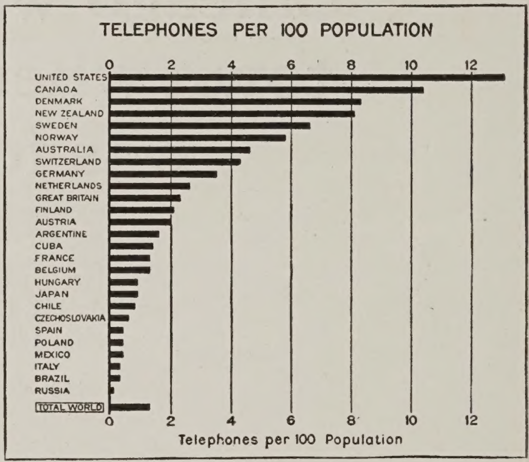
## TELEPHONE CO-OPERATION

*By J. P. GIBSON,*
*Manager, Western Telephone Co.*

The business men of this age find themselves encircled by the greatest and most complex problems that civilization has ever had to meet. Society, as it exists today, is making strenuous demands upon all business men; especially is this true with respect to the public utility people.

There is only one remedy. Our policies in dealing with the public must be based upon equity. The more publicity the better results obtained. The theory and practice, during the first half of the last century of "D—n the public," has gone into the scrap heap.

There was a time when, as the country developed and became crowded, our fathers moved toward the setting sun to find broader fields, virgin soil and better opportunities. That no longer is true. We must offset these past opportunities with well-organized business policies, efficiency at all times being the watchword. Co-operation is just as essen-




tial as it was when the father called his seven sons to his bedside and gave that famous demonstration of unity which resulted in strength.

We can co-operate, if we only work and think right. There will, of course, be division among us, but we must be charitable toward other views and considerate of other opinions, though they may be wrong. To the little business man let me say that if he will go to the larger business man with his differences he will find relief; if he sulks in his tent, criticises and harbors hatred, he will be the loser. I have yet to find a single instance in my own experience with the larger business men where they would run over me ruthlessly. If I appealed to them upon a basis of justice and equity, the trouble was settled amicably. That applies especially to the Southwest Bell Telephone Company and to the Oklahoma Gas and Electric Company. Under the changing condition, while our viewpoint may not always be approved, there is plenty of opportunity in all lines for the efficient and worthy manager and employee.

The greatest danger that confronts us is that of radical and unjust legislation. We owe our fellow man and our nation our best consideration at all times, and the furtherance of that policy is the only hope of this nation.

# A Monument To Electrical Service

THE new Crawford Avenue generating station will be a magnificent monument to the development of the electricity business. The first section is nearing completion, one turbo-generating unit of 60,000 kilowatts now being in operation, and two more units of 50,000 kilowatts each will be in operation within the next few months.

When completed, this Station will be the largest and most efficient steam generating plant in the world, having almost three times the capacity of our Fisk Street Station, which for many years was the World's largest steam power plant.

This station is the result of the immense growth of the Company. During the year 1923, alone, some 78,000 new customers were added; 348,000,000 more kilowatt hours generated; the gross income increased $5,300,000; 1,500 additional employes were added to our payroll; and some 5,800 new stockholders joined the Edison Family.

At the present time, the ownership of the Company is distributed among 41,900 stockholders.

EDISON SERVICE

**Commonwealth Edison Company**

**Edison Building**

**72 West Adams Street Chicago**

**Panoramic view of the first section of the Crawford Avenue Station—will be the largest steam generating station in the world.**

# Some of the Leading Features

IN THE

# Tenth Annual Review of Public Utilities

## Published as a Supplement to Investment News

December 27, 1924

## INDEX



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BRIEF REVIEW OF FINANCIAL SITUATION OF THE LEADING PUBLIC UTILITY CORPORATIONS IN CHICAGO AND THE MIDDLE WEST, INCLUDING MAPS OF CHICAGO, NORTH SHORE AND MILWAUKEE RAILROAD, COMMONWEALTH POWER CORPORATION, CENTRAL ILLINOIS PUBLIC SERVICE CO., CHICAGO RAPID TRANSIT CO., KANSAS POWER CO., PUBLIC SERVICE COMPANY OF NORTHERN ILLINOIS, STANDARD GAS AND ELECTRIC CO.

Special Articles by Noted Writers

# PUBLIC UTILITIES

Year's Reviews of Companies

CHICAGO, DECEMBER 27, 1924

## PROGRESS OF THE UTILITY INDUSTRY IN 1924

WHEN, retrospectively in the coming years, one looks back at the progress made by Public Utility corporations, the year about to close is certain to stand out prominently.

As 1923 marked the recovery of Utilities from the depression which ruled immediately after the deflation year of 1920, so 1924 will reveal the fact that, in that year, these corporations, serving the communities with indispensable commodities in the shape of light, power, transportation and telephone conveniences, placed themselves on such a sound foundation as enabled them to meet the requirements of a growing nation and progressing communities.

At no time in the past, for one thing, have the relations between operators and their patrons, the general public, been more harmonious than they are today. Political harassing appears to be,—and let us hope is,—a thing of the past. Satisfactory and commodious service is being given; improvements are steadily going on with a view to still further improve such service, and Commissioners in practically every state have duly recognized this fact: that good service is the result of and can be obtained by, intelligent, encouraging cooperation in which is included, as a matter of fact, recognition that fair profits must follow operation.

The year has brought forth two features in the field of Public Utilities worthy more than passing comment. The first is the steady development of what has come to be termed superpower; the gradual linking of one chain of utilities with another; the second in the continuing expansion of customer and employe ownership. Superpower, as yet, is barely in its initial phase. Naturally it has reached the greatest development in the larger centers of population; in the eastern states, but it is gradually spreading westward, and the day may not be far distant when the linking up of power from one group of Utilities functioning in one state to another group in another state, will grow until—and this is not a dream—the territory from the Atlantic seaboard to the Mississippi will be joined. Ultimately—it is not beyond the range of probability—such a linking may stretch from sea to sea.

The immediate results from such development may easily be visualized. For one thing it is certain to mean greater economies in the operation and later reduction in the price of the commodity sold; it will mean better service to the millions using the power for industrial and other purposes.

As concerns the extension of customer ownership its economic effect can hardly be measured. When the client becomes a partner in an industry he feels a sense of ownership which naturally stimulates his interest. It serves to dissipate misunderstandings, strengthens mutual relationship, and makes for peace.

In the following pages our readers will find many articles dealing with various phases of the Utility industry. Among our contributors are men of international reputation. They discuss the topics authoritatively. Some of the subjects deal with the financial aspect of the industry; others with operating and management. Every one is highly educational, equally instructive, and suggests the future possibilities of the industry in an illuminating manner. Business men cannot fail to receive valuable aid from the reading.

We desire to call special attention to one of the leading articles dealing with the relation of a branch of the steel industry, commercial loans and bank deposits to security values. It is possible that the securities of Utilities are not so much affected by these factors as are the securities of other corporations; nevertheless, the influence is felt there too, if in a lesser degree. Statistical tables accompany several of these contributed articles as well as charts.

The present review of Utilities of the Middle West is the tenth annual since the foundation of this paper. In many respects it is far more comprehensive than any that have preceded it. More corporations are reviewed. In most instances comparative statements of income are brought up to November, 1924, or in any event to the latest available date. These comparative tables, therefore, anticipate publication of the same in annual manuals by several months. For these up-to-date reports we are indebted to officials, and we hereby tender these good friends our sincere thanks.

In conclusion let us again repeat what we have always said in the past: this publication is printed in the interest of investors as well as in that of the far-seeing men who, visualizing the needs of this progressive country, have given of their best talent to the development of a service which is an essential necessity of our present day civilization.

To all we wish a Happy and Prosperous New Year.

A. C. Babize, Editor.

# THE RELATION OF BLAST FURNACE ACTIVITY, MONEY RATES ON COMMERCIAL PAPER AND BANK LOANS, TO SECURITY PRICES

A few weeks ago the editor, under the caption "Seen as Is," called attention to, and commented upon, the valuable contribution of Col. Leonard P. Ayers of Cleveland on "The Controlling Factor in Security Price Movements." In that article Col. Ayers pointed out two determining factors, which, more than anything else he said, actually controlled security prices: the activity of blast furnaces in the country, and the fluctuating rates of money. As blast furnace operations increased, money rates went up, and he showed that if blast furnaces in actual operation rose above 60 per cent of the total, business was good and indicated higher prices for securities. Hence that was the time to *sell.* If the blast furnaces in operation fell below 60 per cent of the total, it seemed to indicate approaching depression, hence securities would certainly go lower, and when the apparent bottom had been reached it was time *to buy.*

How accurately these relations between blast furnace activity and money rates work, and their influence one upon the other, are shown in the following article and statistics prepared by Mr. James A. Leahy, an expert in the iron and steel industry. We commend the reading of this article, believing it will be found both interesting and valuable to the average business man.—The Editor.

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*By JAMES A. LEAHY*
*Of Edward L. Ryerson & Co., Chicago,*

THE high point in blast furnace operation was reached during October and November, 1918, both months registering 365 active furnaces out of a possible 428. Immediately following the armistice a gradual let-down occurred, continuing through the following year until June, when the 195 furnaces active at this time represented the minimum reached during the immediate post-war adjustment, except during October of the same year, when because of the "Steel Strike" the number of active furnaces was reduced to 162. It will be observed that a sharp decline of practically one hundred furnaces in thirty days was caused by some extraordinary conditions and not influenced by any change in basic factors.

Immediately following this period there started a slow but steady increase in operations, each month showing improvement over the preceding one until October, 1920, which showed 319 active furnaces.

In the following table there is shown:

1. The number of blast furnaces in operation month by month from 1920 to 1924, inclusive;
2. The loaning rate for commercial paper 4 to 6 months;
3. The percentage of loans on total deposits in New York banks.

rate at which they might in turn rediscount with the Federal Reserve Bank, remained somewhat steady for the first four months of 1920, but June 1 started upward and continued to increase until the maximum of 8 per cent was reached towards the close of the year.

The result in this swing in discount rates was to bring about the curtailment of all business transactions, as represented very clearly in the gradual decline in furnace operations that culminated during August and September, 1921, wherein operations reached the lowest point, it is believed, on record. One can readily see that the rise in commercial paper rates was clearly the cause of greatly curtailed blast furnace operation prevailing during the entire year 1921, and continuing well along into 1922.

This condition of low operation was the beginning of a new swing or business cycle and was in turn the cause of gradual and declining discount rates, meaning that commercial paper was, during this period, duplicating the performance of blast furnaces the previous year, declining to its lowest point in August, 1922, and causing the immediate upturn in furnace operations that increased steadily until July, 1923. Then the increase was again checked by the discount rates advance, resulting in another period of declining operations, continuing through 1923, and ertending to August, 1924, when the again curtailed operations seem to have been the cause of discount rates reaching their lowest during August, September and October.

These low rates now seem to be again at work to cause the increase of operations, as the number of furnaces in blast December, 1924, indicates increase activities over the low point reached during August.

Many other factors enter into the situation, from time to time, that have a direct bearing on the movement of prices. This was exemplified this year by the large increase of gold imports which facilitated greatly the reduction in discount rates and payment of bank loans.

The blast furnace operations are truly representative of the general business situation. This is determined by comparing the condition shown in the accompanying statement (see table below) with that existing in general business at any given period. Also that the commercial paper rate and furnace operations have a definite relation to each other; and that both in turn definitely affect the price of securities one may determine by making like comparisons.

| | 1924 | | | 1923 | | | 1922 | | | 1921 | | | 1920 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Blast Furnaces in Opera'n | Com'l Paper 4-6 Mos. N. Y. Dis. Rate Pct. | Loans on Deposit Pct. | Blast Furnaces in Opera'n | Com'l Paper 4@6 Mos. N. Y. Dis. Pct. | Loans on Deposit Pct. | Blast Furnaces in Opera'n | Com'l Paper | Bank Loans Pct. | Blast Furnaces | Com'l Paper | Bank Loans Pct. | Blast Furnaces | Com'l Paper | Bank Loans Pct. |
| January | 231 | 5 | 106.68 | 253 | 4½@4¾ | 104.78 | 125 | 5 @5¼ | 106.91 | 201 | 7¾@8 | 119.80 | 262 | 6½@6¾ | 116.20 |
| February | 248 | 4½@5 | 106.65 | 262 | 4½@4¾ | 107.27 | 126 | 4¾@5 | 106.26 | 183 | 7½@8 | 119.27 | 290 | 6½@6¾ | 116.50 |
| March | 264 | 4½ | 104.29 | 278 | 4¾@5 | 107.95 | 138 | 4¾@5 | 104.75 | 153 | 7½@7¾ | 123.17 | 304 | 6½@6¾ | 116.45 |
| April | 270 | 4½@4¾ | 107.21 | 296 | 5 | 107.77 | 155 | 4½@4¾ | 104.85 | 102 | 7½@7¾ | 119.61 | 312 | 6¾@7 | 116.30 |
| May | 230 | 4 @4¼ | 106.24 | 310 | 5 | 107.67 | 162 | 4½ | 103.04 | 96 | 6½@7½ | 117.36 | 281 | 7½ | 114.29 |
| June | 184 | 3½@3¾ | 104.04 | 321 | 5 @5¼ | 107.57 | 175 | 4¼ | 102.99 | 90 | 6¾@7 | 114.08 | 295 | 7¾ | 114.11 |
| July | 164 | 3¼@3½ | 103.83 | 323 | 5 | 107.56 | 192 | 4 | 102.52 | 76 | 6½@6¾ | 110.31 | 302 | 8 | 114.58 |
| August | 144 | 3 @3¼ | 104.14 | 298 | 5 | 108.55 | 172 | 3¾@4 | 103.51 | 69 | 6 @6¼ | 112.34 | 293 | 8 | 116.71 |
| September | 151 | 3 @3¼ | 102.38 | 270 | 5 @5¼ | 109.33 | 144 | 4 @4¼ | 103.78 | 70 | 5¾@6 | 112.27 | 311 | 8 | 119.45 |
| October | 173 | 3¼@3½ | 103.60 | 255 | 5¼@5½ | 108.34 | 190 | 4¼@4½ | 104.23 | 82 | 5½@6 | 108.15 | 319 | 8 | 119.13 |
| November | 182 | 3¼@3½ | 102.83 | 245 | 5 @5¼ | 106.98 | 218 | 4½@4¾ | 104.67 | 96 | 5½@5¾ | 107.44 | 285 | 8 | 120.58 |
| December | 205 | 3¼@3½ | 103.24 | 231 | 5 @5¼ | 106.98 | 218 | 4½@4¾ | 105.60 | 120 | 5 @5¼ | 107.95 | 252 | 8 | 120.03 |

Number of blast furnaces capable of operation in the United States was as follows: Year 1924, 403 to 412; 1923, 418 to 419; 1922, 418 to 419; 1921, 418; 1920, 416 to 431.

At this point enters our study and consideration of the definite relation between the several factors shown in our schedule. Owing to the increase in the rediscount rate, established by the Federal Reserve Bank during November, 1919, which preceded the period of liquidation during 1920, culminating the latter part 1921, one sees a striking example of the definite relationship existing between the blast furnace operation figures and their effect on the price of commercial paper; or, expressed differently, the cost of doing business as well as the effect on available credit as expressed in the increase or decrease of the percentage of bank loans against deposits.

The New York banks discount on 4 to 6 months commercial paper having remained practically stationary at 5¼ to 5½ per cent during 1919, because of the fixed, or pegged

If general business is considered normal when 245 to 250 of the country's entire number of furnaces are in operation the year 1920 was truly above normal in this respect, while the two succeeding years, 1921 and 1922, were below normal. Again we find 1923, with the exception of one month, above normal, followed by a below normal condition having existed throughout the present year, excepting only the months of March and April.

As to the probable length or duration of the improvement started during September, and now gaining momentum, it may be illustrated by what has happened since business volume and discount rates reached their lowest level on this swing.

This condition indicated an increase of loanable funds. Railroads, public utilities and corporations proceeded to issue

securities in large amounts. When the securities were marketed the proceeds were placed on deposit to the credit of the issuing corporation, this resulting in an increase in bank deposits. The money borrowed was intended to be spent on plant enlargement and construction purposes, some time in the near future, probably during the coming year, so that gradually these increased bank deposits will be converted into materials and labor.

This means a steady increase in payrolls and general trade during the coming year. This expansion in activities and general business will continue until the supply of money available for loans has been depleted to the point where the sale of stocks and bonds will be restricted.

The all-important question and the one most frequently asked is: How far will it go and how long will it last? These are the hypothetical questions. Who will vouchsafe the reply?

## A VISION OF CHICAGO'S FUTURE

*By SAMUEL INSULL*

*Chairman Chicago Rapid Transit Company and President Commonwealth Edison Company*

The following is an address given at the annual dinner of the Chicago Real Estate Board in Chicago, December 4, 1924, by Mr. Insull. It is a fascinating picture, painted by probably the most practical, as he is the most successful business man of this great city. It visualizes the city of the future, and as this future rests largely upon the development of a most essential public utility, quick, efficient and adequate transportation, we print it in full for the benefit of our readers.—THE EDITOR.

CHICAGO and the industrial district immediately adjacent to it, in Illinois and Indiana, together form the most important territory on this continent, in respect to the location of vast industries, and the necessary aggregation of population that those industries will bring, for supplying the marvelous region tributary to Chicago with the manufactured products that it will need.

A population of 10,000,000 to 12,000,000 in this interstate district by 1950 is a reasonable possibility, when you remember that just the average rate of growth of the past 40 years will produce a population of nearly 5,000,000 within the present Chicago city limits in that time—only twenty-five years; and the population is growing much faster immediately outside the city limits. Hence the reasonableness of expecting here in the Chicago district, by the time babes of today reach manhood, a greater aggregation of concentrated population than exists now anywhere on earth.

Another significant fact is this: practically all forecasts of Chicago's future, by whomsoever made, carry an "if" or a "provided." They are predicated upon what may be done or will be done by the population already here in preparation for the population that is to come.

### What Makes Cities Grow

Cities, like men and all human institutions, reach a point where natural advantages cease to insure the future, unless conscious thought and action are put into conserving and utilizing those natural advantages.

We have seen supremacy in lake shipping pass from downtown Chicago. We have seen great manufacturing industries driven by governmental restrictions across the Indiana line. Most of you here can recall instances of an industry or a business leaving Chicago, or of a development halted, for reasons traceable to analogous sources. Some people go so far as to say that we are missing accretions to volume of business, and consequent accretions to population, which our natural advantages should bring to us, even though such losses are not yet apparent to any disturbing degree.

I have no exact information on this. But does not the fact that it is discussed raise a question of whether Chicago has lost something of its earlier virility? Does, for example, our inability to control killings—by the automobile as well as by the gunman—indicate a loss of power, or of the will, to control our own destiny as a community? Finding the answer is a job big enough for the best brains and the highest civic spirit amongst us, and finding it will pay—in material rewards as well as in dividends of personal satisfaction.

### Chicago's Growth Not An Accident

Chicago's already amazing growth—from a frontier town to the rank of fifth among the great cities of the world, within the lifetime of men still living—has not been an accident. It has been mostly due to certain natural advantages, largely geographic, in which we are rich beyond any other city in the world. Specialists in the economic significance of geography have catalogued and evaluated these advantages in detail. Summarized in a sentence, they are:

A great low-lying, flat plain as large as half of Europe, possessing "fabulous mineral resources" of great variety, a soil of "marvelous fertility," and a climate ideal for growing things, even to geographic determination of the winds and rains, with Chicago located at the natural transportation focus of the entire region thus supplied with "the largest list of economic assets on record."

But these natural advantages would not have produced the Chicago we have known, as the geographic specialists admit, without men of vision and courage and energy to make use of the advantages so lavishly offered. It is trite but none the less truthful to cite the World's Fair achievement as typical of Chicago's builders. There is personal

### DATA REFERRED TO IN MR. INSULL'S ADDRESS

*From the Official Records of Cook County*

The tabulations below have been made for three typical districts served by the Northwestern L—the Wilson Avenue, Rogers Park and Ravenswood districts. They include:—(1) the last regular quadrennial valuation made before rapid transit operation to each district began; (2) the latest quadrennial valuation (in 1923); and (3) a mid-period quadrennial valuation—1911 for Wilson Avenue and 1915 for the other two.

The increased value accruing to real estate in these districts from rapid transit—for improvements, as well as bare land value, are rapid accruals—thus tabulated from the official records, is as follows:

**Wilson Ave. District**

From Irving Park Boulevard to Bryn Mawr Avenue (two miles) and from Ashland Avenue to Lake Michigan (from one to one and a half miles) including Graceland and St. Boniface cemeteries.

| Year | Full Value Improved Land and Lots | Full Value Improvements | Full Value Unimproved Land & Lots | Total Full Value |
|---|---|---|---|---|
| 1899 | .....$ 5,348,600 | *$.......... | $6,867,790 | $12,216,390 |
| 1911 | ..... 12,663,284 | 26,700,800 | 5,079,509 | 44,443,593 |
| 1923 | ..... 41,145,190 | 45,886,095 | 4,620,047 | 91,651,332 |

*Improvements were not separated from land and lots in that year.

Real Estate values increased by rapid transit more than eight-fold in 24 years.

**Rogers Park**

From Devon Avenue to the city limits (one and a half miles) and from Robey Street to Lake Michigan (one to one and a half miles).

| Year | Full Value Improved Land and Lots | Full Value Improvements | Full Value Unimproved Land & Lots | Total Full Value |
|---|---|---|---|---|
| 1907 | .....$ 1,632,410 | $ 2,441,180 | $1,901,540 | $ 5,975,130 |
| 1915 | ..... 8,481,171 | 11,331,618 | 4,503,912 | 24,316,701 |
| 1923 | ..... 17,699,520 | 23,021,919 | 5,113,964 | 45,835,403 |

Real Estate values increased by rapid transit nearly eight-fold in sixteen years.

**Ravenswood District**

From Montrose Boulevard to Foster Avenue (one mile) and from Western Avenue to Central Park Avenue (one and a half miles).

| Year | Full Value Improved Land and Lots | Full Value Improvements | Full Value Unimproved Land & Lots | Total Full Value |
|---|---|---|---|---|
| 1907 | .....$ 234,395 | $ 330,280 | $1,410 725 | $ 1,975,400 |
| 1915 | ...... 2,706,255 | 6,949,475 | 3,004,180 | 12,659,910 |
| 1923 | ...... 6,748,220 | 18,359,514 | 2,587,237 | 27,694,971 |

Real Estate values increased by rapid transit fourteen fold in sixteen years.

feeling in my reference to it. I cast my lot with Chicago while the World's Fair was in the hands of the builders—just a year before it opened. It was the combination of natural advantages here, plus the character and spirit of the people, that moved me to seek my career in this community.

The builders of Chicago have not frittered away time and energy in trying to square practicalities with pre-conceived theories. They have frankly accepted the facts of needs and of opportunities, and have applied themselves to getting practical results.

**Visualizing the Future**

Thus Chicago has become the world's greatest railroad center. Thus park and boulevard and water front development are tending toward high rank for us among the beautiful cities of the earth, with correspondingly ample cultural and educational equipment, both aesthetic and scientific. Thus industry and trade have been developed, as exemplified in grain market and meat packing supremacy, and otherwise. With 70 per cent of all Illinois manufacturing credited to Chicago, we are, among cities, second only to New York, where more than double our population produces less than one-third more than we do in manufactured products. Our live-stock market is unique—a cash market in which transactions run from $1,500,000 to $2,000,000 a day the year round—the greatest cash business on earth.

We are on the eve, I believe, of seeing the center of the country's iron and steel industry established in the district immediately tributary to Chicago. Where the steel industry is, there other industries inevitably come. The signs of the times point to a development here, in the area bordering Lake Michigan for 97 miles from the Wisconsin to the Michigan line, that outruns imagination.

Our city logically should be the family residence and the business office, as it were, of this great industrial district, as well as an important industrial segment of it. Industrial development means more population and increasing population calls for more and more of the essential facilities and conveniences of urban life.

**Need of Essential Conveniences**

Others can speak more authoritatively than I, and have done so, on many of these details, such as housing, zoning, opening new thoroughfares, coordination and construction of railway terminals, extension of highways and so on. I may venture to speak with some positiveness on those essentials which come under the head of public utilities, namely: telephone, gas, electric light and power and transportation services.

No city can thrive unless these services—all of them—are adequately provided. When any one of them is deficient, living conditions become uncomfortable, business and industry are impeded, and the whole community is correspondingly and adversely affected.

Chicago has been well supplied with all of these services most of the time since they became urban necessities. They have contributed in full measure to making this the great city that it is. Evidence of their excellence is in the use that is made of them, in comparison with use elsewhere, since we habitually and freely use only that which is serviceable.

Chicago has, in round numbers, 735,000 telephones, or about one for every four persons—the highest telephone ratio of any large city in the world. Provision for the future telephone needs is always well ahead of prospective demand, as it ought to be.

**Chicago's Use of the Utilities**

Chicago uses about 10 per cent more manufactured gas per capita per year than our great Eastern cities. And plans for additions to gas making and distributing facilities are adequate for any conceivable increase in demand.

Electric light and power facilities are of the character referred to by the late Dr. Steinmetz as providing "the greatest pool of electrical energy in the world," and actual use for light and power, expressed in kilowatt hours of output per capita, has reached the highest point known anywhere. Again, provision for the future is adequate.

But Chicago lags in Transportation Policy, with consequently adverse effect upon both present and future needs. This is the more important because transportation is, to a great city, as the circulation of the blood to the human body.

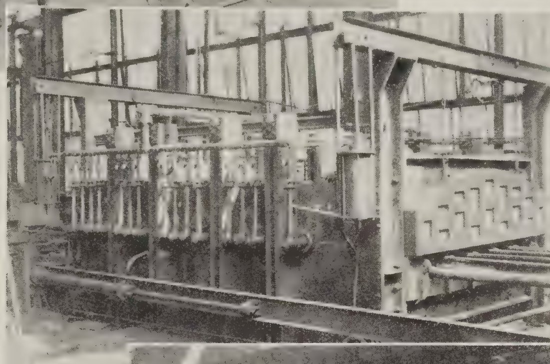
Again, gauging the usefulness of a service by frequency of use. The number of riders registered daily on Chicago's transportation lines, surface and elevated combined, is approximately 2,850,000, or less than the city's officially estimated population. In Philadelphia it is more than the population; in New York City, on surface, elevated and subway cars, it is 19 per cent more than total population.

**Lack of Extension and Coordination**

Whilst these comparisons indicate that transportation facilities are less used here because less usable, they do not reflect inferiority in facilities, measured in ratio of passengers carried to miles of track or number of cars operated; for there are operated in Chicago more cars and more miles of track per thousand of passengers carried than in either New York or Philadelphia. So the lack here is clearly a lack of extension and coordination of facilities to serve the community to the best advantage.

Such a situation is a handicap to comfortable living and to commercial and industrial growth. It is a handicap enhanced by our physical situation—spread out as we are over 204 square miles of territory, with a highly congested business district, and with a rapidly increasing population all around us, from the Wisconsin to the Michigan line, and extending outward toward the Fox and Kankakee rivers, that wants to come in and do business with us.

The need here then clearly is for special development of rapid transit—the rapid transit that London and Paris have, that New York has in considerable measure, and that Chicago can have by the extensions and connecting links and coordination which have been already proposed, utilizing the



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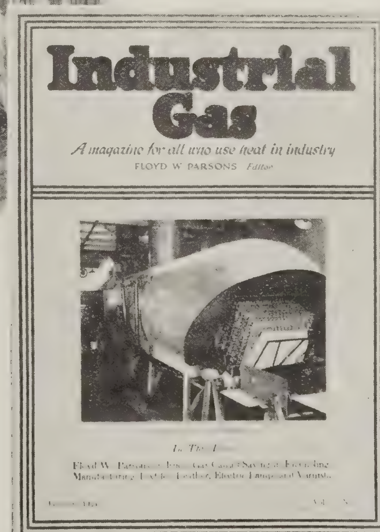


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good beginning we have in rapid transit facilities that already carry 600,000 passengers a day.

Not what "ought to be," but conditions as they are make our problem. The skyscraper office building is here. Loop congestion is here, accentuated by the automobile. Also here are the physical facts of 204 square miles of area inadequately supplied with the connecting links for transporting to and fro approximately 3,000,000 persons every day, and as much or more area immediately outside the city limits, with a rapidly increasing population seeking access to our commercial and industrial life.

**Where Population Is Now Living**

The statement has been publicly made, on apparently good authority, that three-fourths of Chicago's population lives on one-third of the city's area. Engineers have also worked out the fact that two-thirds of the population is located within strips or zones whose outer edges are within half a mile on either side of the rapid transit lines. More than 80 per cent of the population thus lies within an area of about 100 square miles, or half of the actual corporate area of the city. In simple justice, that other 100 square miles of Chicago area, which has only 20 per cent of the population, is entitled to rapid transit relief.

But the problem is not wholly local to Chicago, if we are to recognize our responsibilities as well as our opportunities in relation to the entire district around the south end of Lake Michigan, of which Chicago is the heart. The hundreds of thousands inhabiting the areas just beyond our city limits—and soon they will be millions—want to come in and do business with our merchants and other sellers of commodities or service. The significance of Transportation Policy in relation to this situation is illustrated by two facts.

The Chicago, North Shore and Milwaukee Railway, tapping the suburban towns north of us, now carries 16,000,000 passengers a year. This is very largely a development of the last eight years. Prior to the development of Indianapolis as an inter-urban center of transportation, less than 250,000 people per annum came into the city by electric cars. At this time upwards of 8,000,000 per annum come into Indianapolis over the inter-urban railways to spend their money and vitalize the industries of that community.

**Suburban Linking to Urban Needed**

It would seem to be of vital interest to this community to link up the outer ring of the Chicago district with the center of the city, instead of placing obstacles in the way of inter-urban transportation. Due regard for the interests of everybody within the city would seem to dictate such a policy.

From the nature of your business, you gentlemen of the Chicago Real Estate Board know the direct dollars and cents benefits of an adequate Transportation Policy and rapid transit development. I hesitate to point out the concrete experiences by which we may forecast the future; the bare facts sound so much like a Monte Cristo dream. But an illustration or two may freshen our memories.

The Northwestern elevated began operation to Wilson Avenue on Decoration Day in 1900. A photograph taken at Wilson and Broadway in that year shows a small frame building and a beautiful pastoral scene with a cow peacefully grazing. That was only 24 years ago. Where the elevated crosses Sheridan Road there was not a building visible in a photograph taken in 1899 from the partially completed structure. Look at both sections today. Lots which sold then for approximately $30 a front foot have since been re-sold for as high as $3,000 a front foot. Lots on Broadway between Wilson and Lawrence sold then for $950 with all improvements in; today they have a market value of at least $4,000 per front foot.

The Ravenswood Branch was opened to service in May, 1907. Photographs taken at Lawrence and Western Avenue when ground was broken for construction show a desolate prairie as far west as the eye could reach, without streets and not even good dirt roads. Deserted clayholes were the only landmarks. That was only seventeen and one-half years ago.

**How Rapid Transit Increases Values**

Operation to Howard Street began in May, 1908. Land purchasable for residences, before rapid transit, for $20 to $40 a foot, is now worth from $1,000 to $2,000 a front foot for residences, apartment houses and hotels. A business corner at Devon and Sheridan Road, sold about 1908 for $12,500, was re-sold two years ago for $290,000.

Just before the Lawrence Avenue elevated station was installed, about 1½ years ago, a nearby apartment building on 50 feet of ground sold for $20,000; after the station was announced the same owners bought the adjoining 50 feet with a less valuable building for $75,000.

Some one may think these are hand picked illustrations. Let us scan the facts in a broader aspect—the official tax records of Cook County.

Take the territory surrounding the Wilson Avenue terminal and bounded by Irving Park Boulevard, Ashland Avenue, Bryn Mawr Avenue and the lake—two miles long and from one to one and one-half miles wide. When rapid transit operation to Wilson Avenue began in 1900, the full value of all land and improvements there, as assessed for taxation, was $5,348,600; in 1923, the last quadrennial valuation, it was (including two cemeteries, Graceland and St. Boniface) $91,651,332. The taxable value had increased more than eight-fold in 24 years.

Take the Rogers Park district bounded by Devon Avenue, Robey Street, the north city limits and the lake. When rapid transit operation to Howard Street began, the full taxable real estate valuation of that territory stood at $5,975,130; in 1923, it was $45,835,403, nearly an eight-fold increase in sixteen years.

**In the Rogers Park District**

Take the territory of one by one and one-half miles bounded by Montrose, Western, Foster and Central Park Avenues. When the Ravenswood branch was opened in May, 1907, the full taxable real estate valuation of the territory, as made in that year, was $1,975,400; in 1923, it was $27,694,971, a fourteen-fold increase in sixteen years.

Most of this territory, mark you, had transportation of some kind—steam or surface lines—before the elevated, but it did not have modern urban rapid transit.

While rapid transit was creating these values what was happening in Chicago as a whole? In 1899 the year before elevated operation to Wilson Avenue, the full value of all real estate property in Chicago, as fixed for taxation, was $1,101,325,290. Last year, 1923, it was $2,595,710,042. While values were increasing eight-fold and fourteen-fold in rapid transit territory, the valuation for the whole city was only a little more than doubled. See foot note.

Note:—Tabulations from the official records of Cook County, showing in more detail the basis for the foregoing statements are attached.

Similar illustrations can be taken from every part of the city touched by rapid transit, with equally striking figures on the population growth, both city and suburban. The town of Cicero has more than trebled in population, co-incident with extension of the Douglas Park branch of the elevated. No other suburb has shown such growth in the same period.

**What Niles Center Extension Has Done**

The Niles Center extension of the North Shore Line is a more recent and even more striking example. When the right-of-way was acquired, land in that vicinity was worth about $1,000 an acre; when definite announcement of the line was made, the price doubled; when construction began, there were transfers at $6,000 and $7,000 an acre. Parenthetically, I might point to this extension (about five miles in length, embracing every kind of modern railway construction—subway, depressed tracks, elevated tracks and surface tracks) as an example of what can be done when public officials cooperate. The extension, lying entirely outside of Chicago, will be in operation in about ten months from the time the cities of Evanston and Niles Center passed the necessary ordinances.

The significance of all this—to business men little and big, and to every little home owner and lot owner, as well as to the community as a whole—needs no diagram.

Some people, including his Honor, the Mayor of Chicago, think that Chicago's Transportation policy should be to supplant state control and private management with municipal ownership and political management. To me that seems worse than jumping out of the frying pan into the fire. Has such a program worked out successfully in any great metropolitan city? If so, I do not know of it. I do not believe that substitution of political responsibility for personal responsibility means greater efficiency of operation, more vision as to the needs of the future, or more capacity to raise capital and do the things that must be done to work out a successful program.

### Rapid Transit by Private Ownership

As another reason for doubting the desirability of extending rapid transit by private ownership, the mayor has drawn attention to rights given to elevated railways years ago but never exercised. When those rights were given, conditions here as to population and rapid transit necessities were very different from what they are today. The roads originally built had a pretty hard road financially for many years; some of them had to be entirely re-organized. The Mayor's criticism applies, on the whole, to the original management, and it is hardly fair of his honor to cite the failure of promoters about a generation ago as a reason for refusal to deal with the management of today.

His Honor, the Mayor, in public utterances and official communications to the City Council, has questioned the ability of the Chicago Rapid Transit Company to finance the extensions necessary for a more adequate rapid transit system. It would be idle for me to plead that we can make good on our offer. In reply to the mayor's doubts and predictions, I would simply draw attention to accomplishments of the past.

### Capital Needed for Development

The management that offers to take up the question of more rapid transit, and to raise the necessary capital for its development, is the same management that has developed the electric light and power business of Chicago, and provided the necessary capital for it, during the last 35 years; it is the same management that was able to interest capital in the gas business when the local gas company's condition was at its worst; it is the same management that took over the inter-urban business between Chicago and Milwaukee and in the course of eight short years has developed it to carrying annually 16,000,000 people, a good percentage of whom come in and out of Chicago and spend their money here from day to day; it is the same management that has applied Customer Ownership—real public ownership—with such success that the companies under its direction now have nearly 200,000 stockholders; it is the same management under which elevated employes and other citizens, to the number of about 14,500, have become stockholders of the Chicago Rapid Transit Company this year; it is the same management that has established unified operation of the elevated lines and through routing, at a cost to the company of $500,000 a year; it is the same management that during thirty odd years has enlisted around $500,000,000 of new capital in the public utility business, most of which is invested in and around Chicago.

We have offered to make improvements and extensions which would give every part of the city rapid transit. For immediate relief we have offered to spend the necessary money for changes of structure and increase in rolling stock that would give 15 per cent additional capacity to the loop. We have said that we believe a downtown subway should be built and owned by the city of Chicago. We have offered to make the physical connections with this subway and we have offered to provide the necessary equipment.

### "Saying It With Shovels"

To do all this would require capital expenditures by the Chicago Rapid Transit Company of somewhere between $50,000,000 and $60,000,000. The building of a subway by the city can be done at a cost of a little over half of that. We have also offered to work out a co-ordinated plan for transfer of passengers between elevated and surface lines.

The immediate results of all this would be: through north and south rapid transit outside of the loop and, by combining the present capacity of the elevated loop and that of the proposed subway, a doubling of rapid transit capacity downtown during the rush hours.

Many enterprises and classes of business have some form of slogan. In the gas company we constantly declare "you can do it better with gas." The florists tell us to "say it with flowers." I would respectfully ask of our friends in the city hall: why don't they stop talking about traction and subways and **"say it with shovels?"**

I am not approaching this subject from the point of view of money making. There is no question here of "exploiting the necessities of the people," as the self appointed world savers phrase it. Intelligent public utility management in this age of the world seeks no "profits" in the usual sense of the word. All it asks or expects is fair wages for the invested capital, and no kind of management, political or otherwise, can provide service for less. To that end we have offered that all surplus earnings above a fair return on junior securities—the common stock—shall be applied to extending the system, and, if not needed for that purpose, to be used for acquiring these same junior securities by trustees on behalf of the community.

### Large Capital Already Invested

I have approached this subject from the viewpoint of a representative of $350,000,000 of capital invested in the public utilities of Chicago; a representative of 200,000 stockholders, most of them in Chicago. These public utilities cannot thrive successfully and permanently unless the territory they serve thrives and advances. The interests of these public utilities and their stockholders are precisely the same, and are affected precisely the same, as the great real estate interests represented here this evening. Their development goes hand in hand with the development to which rapid transit is essential.

The stockholders in the utility companies of which it is my privilege to be the head—the smallest householder and the greatest real estate owner, both of whom you represent—all have a common interest in this question. Thus a responsibility and an obligation, it seems to me, are imposed upon all of us—upon the citizenship of this community—which calls for an exercise of the vision and the judgment and the action that enabled this city to rise Phoenix-like from its ashes in 1871 and that produced that great monument to the energy and patriotism of our citizens, the Great White City of 1893.

The job to be done calls for work, not words.

"SAY IT WITH SHOVELS"

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## SIDELIGHTS ON STABILITY OF THE ELECTRIC INDUSTRY

*By FRED H. SCHEEL*
*Vice-President Utility Securities Company*

FROM the viewpoint of the investment banker the unusual stability of the electric light and power industry has become an accepted fact. He has seen the industry continue its progress with almost unbroken pace through years of depression and expansion, just as in periods of prosperity.

He finds that earnings of the industry seem to be little affected by the alternating ups and downs characterizing other lines of business. In the stock and bond markets he finds the securities of electric light and power companies comparatively free from minor fluctuations, responding only to fundamental changes in money rates or economic conditions.

As the stability of the industry seems to be one of the major reasons for its popularity among investors, large and small, it will be worth while to discuss here one of the most important and yet least appreciated of the industry's stabilizing factors. I refer to the widespread distribution which has been obtained for the securities of this industry, in recent years, among people of modern means.

### Utility Securities Held by More Than 3,000,000

For the industry as a whole it is estimated that its

securities are now held by more than 3,000,000 people, 2,000,000 holding junior securities and the balance its bonds. In our own experience we have seen the total number of stockholders in the companies we represent grow from approximately 33,000 in 1920 to 88,000 in 1922 and to more than 177,000 today. These people, with their families would populate a metropolis the size of Cleveland or St. Louis.

That this increase has been largely among people of a class that were strangers to the investment business before the war is shown by the fact that the average sale by the Utility Securities Company during this time has been about four shares. It is evidenced, too, by a census conducted recently by our company when we interviewed 1,680 purchasers of utility securities, just as they came to us. Each customer was asked his or her occupation, and the survey revealed that utility investors today comprise a pretty fair cross-section of our population.

Housewives led the list with 288, next followed clerks with 262, merchants 86, salesmen 67, stenographers 66, railroad employes 50, executives 44, widows 40, school teachers 39, mechanics 39, and so on.

The electric industry has been far-sighted in providing, from the very first, that investment in its securities should be made easy for these people. In every case where electric companies have offered their securities to their customers a monthly payment plan of some sort has been provided. In our own case most of our utility securities are offered on a $10 down and $10 per month basis, with 7 per cent allowed on payments.

A surprisingly large number of these partial payment contracts, incidentally, are paid up ahead of schedule.

### Experience of Middle West Utilities Co.

To narrow the subject down to a single instance, the experience of the Middle West Utilities Company and subsidiaries may be cited. The subsidiaries of this company supply electric and other utility services to more than 1,000 communities, distributed through 15 states of the Union. In 1918 stockholders of the holding company and its subsidiaries totaled 6,063. By 1921 the figure had risen to 23,616, last year it was 54,094, today it is more than 85,000. The average holding is about 12½ shares each.

This widespread distribution of ownership brings stability to the industry in a general way by disseminating, on a hitherto unheard of scale, the basic facts about the electric business. There is today a genuine popular appreciation of the actual values behind electric light and power securities—and of the place that the industry occupies in the scheme of American life.

What this public sympathy means to the industry in dollars and cents is brought home by the situation of the steam railroads a few years ago. It will be remembered that when the railroads were petitioning for a comparatively slight increase in rates, public opinion replied that an increase was not justified because the railroads merely wanted to pay dividends on "watered stock."

How far this was from the truth was shown when shortly afterwards the federal government appropriated many millions of dollars for the purpose of evaluating the railroad properties of the nation. That work is still far from completion, but every so often the Interstate Commerce Commission publishes the value of a railroad, and invariably it turns out that the value the Commission allows for the tangible assets of the road is greater than the amount of securities issued against the property.

Contrast the situation of the electric light and power industry. Its securities are today so widely held by the consuming public that "owner" and "customer" are rapidly tending to become synonymous terms. As a result the selfish interests of the public are definitely in the direction of a fair return on the capitalization of the industry.

### Preserving Industry from Depredation of Theorists

The power of enlightened public opinion to preserve the industry from the depredations of theorists has had a striking exemplification in California. As the reader probably knows, there has been persistent effort on the part of certain interests to force the passage of a water and power act that would authorize the State of California to spend many millions of dollars on the construction and operation of a state-owned electric system. But the public service corporations of that state are now owned by more than 100,000 stockholders, and it has been demonstrated that these people and their immediate families, at least, are not misled by the promises of the apostles of state ownership.

The issue was fought out at the polls in 1923 with the result that the proposal was rejected overwhelmingly. The final count was nearly 700,000 against to a little over 200,000 in its favor.

But it is not necessary to go back further than last November to get a striking example of the new public attitude toward our utilities. The Republican landslide, with the complete eclipse of the third party, were in a way the voice of the electorate saying that America does not want and will not tolerate government ownership.

### Effect of Public Holdings on Quotations

From a stock market or "technical" standpoint, likewise, this widespread distribution of utility shares among bona fide investors has a very fortunate reaction. The steadiness of utility quotations is due to a degree, of course, to the essential nature of the business, its large diversity factor and steady earnings, but this other element must not be overlooked. Under the conditions referred to, manipulation of the market becomes practically impossible and quotations steadily reflect sound values rather than professional operation.

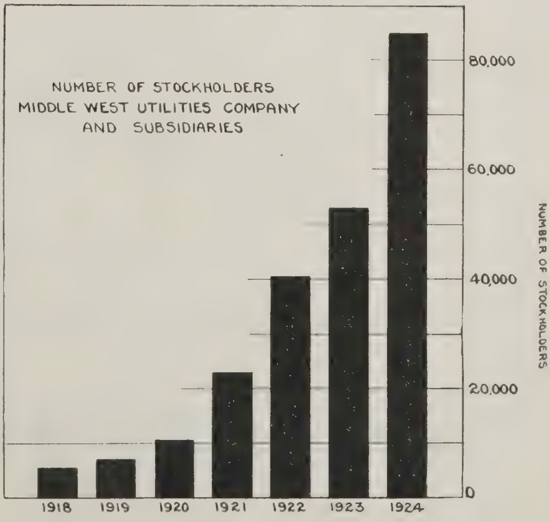
This has been proved recently on the Chicago Stock Exchange when rumors of an impending dividend increase on the common stock of an Illinois electric corporation boosted the quotation seven or eight points in a week's time. If this stock issue were not well held and widely distributed we should probably have seen more and more dumped on the market, as the price advanced. Instead, each rise brought out only a few shares, because the stock is held almost entirely by people who have tucked it away as a permanent investment, and value it exclusively for its safety and steady yield.

In the same way that upward movement of this security obtained no popular support, so a downward movement would have been checked.

The customer-ownership movement has been, of course, the chief factor in the widening ownership of the electric light and power industry, and, in concluding this brief paper I want to point out that the inevitable growth of the movement will further stabilize the electric industry along the lines described.

### Industry on Threshold of Real Development

In spite of the great strides made by the industry since



its beginnings 42 years ago, it is only on the threshold of its real development. Only 61 per cent of America's industrial power load is today electrically generated; only about 1 per cent of our railroad mileage is electrified; less than 37 per cent of our people live in electrically lighted dwellings; of our 6,000,000 farms only about 12 per cent enjoy electric service.

In this last regard I might cite the case of one of our own client companies, the Illinois Northern Utilities Company. This company, supplying a prosperous farming territory northwest of Chicago, now has approximately 900 farms connected to its transmission lines. Recently an investigation was conducted which revealed that in an area not more than two and one-half miles distant from the company's existing lines, there are 32,000 farms still without electric service. In other words, this successful company has developed only about three per cent of the potential farming business in this progressive territory.

It is in the field of agriculture, by the way, that I think we shall see the most notable development along electrical lines in the next generation. America is rich in acreage of farm lands; in fact, we have more than we can profitably use. The all-important factor is now, and will continue to be, labor—and here it is that electricity will some day go a long way toward solving the farmer's problem. Electricity, used in almost every mechanical process on the farm, will speed up farm production and cut the farmer's labor costs, just as it is now doing in industry.

### Future Influence of Customer Ownership

In these days of world reconstruction what is going to enable the American working man to compete with his fellows in Europe and Asia? With his unprecedented high standards of living the American working man could not hope to hold his own without the aid of electric power which enables him to speed up production in a way that is the despair of every other country in the world.

As the industry grows in service and in magnitude it is inevitable that the customer-ownership movement, which began only one decade ago, but already is measuring its progress in hundreds of thousands of new stockholders annually, will become a dominant factor in the development of the industry.

The percentage of customer-owners to customers has increased in the past decade from almost nothing to approximately six per cent, and I am quoting one of the outstanding public utility operators of the Middle West when I say that another decade will see the utilities adding approximately a million customer-partners annually.

At such a time the financial structure of the industry will in truth be "as strong as Gibraltar" and our utilities will be recognized everywhere, not only as institutions of service, but as the great, popular institutions of investment.

## AMERICA A NATION OF TELEPHONE USERS

NO country in the world shows such high telephone development as does the United States. In European countries the average number of telephones is 12 per 1,000 inhabitants, but in this country the figures show that there are 131 telephones for each 1,000 of its inhabitants.

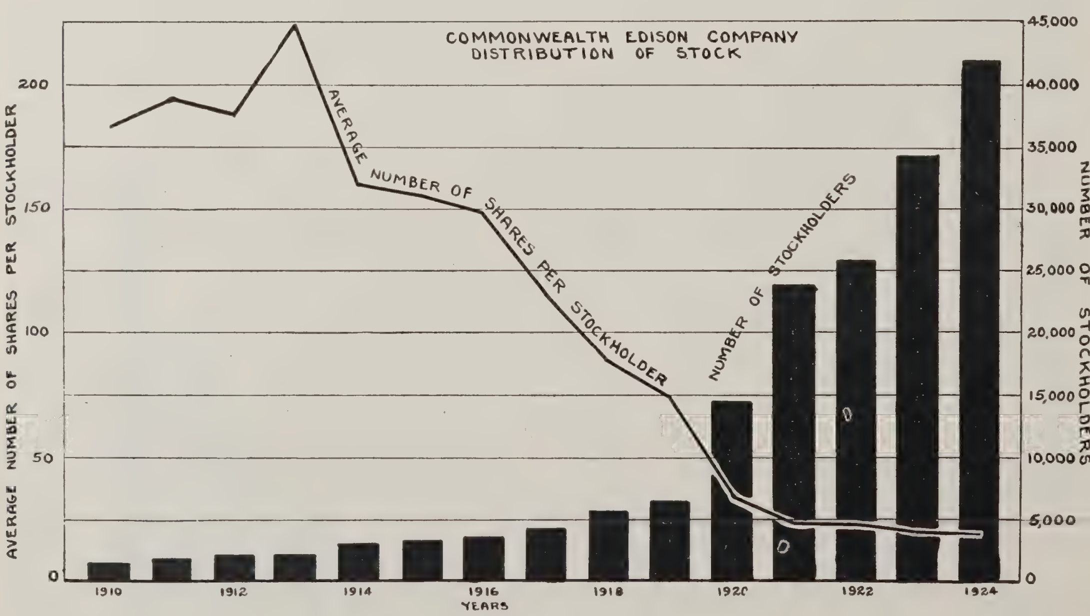
In cities of 50,000 population or over, on January 1, 1924, the average in the United States was 177 telephones per 1,000 population. Of our large American cities, Atlantic City shows the greatest development, the famous Jersey resort having 366 telephones per 1,000 population. Atlantic City, however, has a large tourist population and a considerable portion of its telephone development is centered in the many big hotels, so that perhaps it would be fairer to consider Omaha with its 284 telephones per 1,000 population as the foremost telephone city in the country.

Next to Omaha comes Pasadena, with 275, and Des Moines, with 267. Lincoln, Nebr., has 262, and San Francisco follows with 259 telephones per 1,000 population. Next come Cedar Rapids, Minneapolis, Portland, Ore., Topeka and Wichita in the order named.

Chicago ranks thirteenth with 238 telephones per 1,000 inhabitants. Boston is in twenty-fourth place with 222, and New York City, despite the fact that it has more telephones than Berlin, London, Paris, Liverpool, Rome, Antwerp, Brussels and Shanghai combined, ranks in forty-third place.

Atlantic City also has the distinction of having eight public pay telephones per 1,000 inhabitants, and, in this respect, also outranks other American cities. New York has five public pay telephones for each 1,000 of its inhabitants.

Of the world's telephones 63 per cent are located in the United States. All the countries in Europe combined have only 26 per cent of the telephones in the world. All the other countries possess 11 per cent. Of the 63 per cent of the world's in the United States, 61 per cent are connected to the Bell System.



## ELECTRIC POWER DEVELOPMENT IN THE UNITED STATES, 1921-1924

***Based on operation of about 4,000 power plants each producing 10,000 or more Kw per month***

THE growth of Electric power development in the United States has enormously increased in the past four years. This expansion is graphically shown in a recent bulletin issued by the Department of the Interior at Washington. The average daily production by public utility power plants in October, for example, was 167,300,000 kilowatt hours, and for the ten months ended October 31, 1924, totaled 1,588,100,000 kilowatt hours, an average of 158,810,000 for each month to and including October, 1924.

The following table will visualize the average daily production of electricity by public utility plants in the United States, by water power, fuel and water and fuel combined (000 omitted):

| | | Total | By Water Power | By Fuel |
|---|---|---|---|---|
| 1924 | Kw. | 1,588,000 | 530,000 | 1,058,000 |
| 1923 | Kw. | 1,520,000 | 520,000 | 1,000,000 |
| 1922 | Kw. | 1,300,000 | 420,000 | 880,000 |
| 1921 | Kw. | 1,230,000 | 430,000 | 800,000 |

The continuing development of hydro-electric production shows a steady increase, but the output of electric energy generated by water still remains at about a ratio of one-third to two-thirds. The annual rainfall has much to do with this ratio, the power derived from water during certain seasons of the year being at times quite large and diminishing as the water subsides. It is not improbable, however, that a measurable increase will take place in the coming years, as hydro-electric development progresses and expands in our western states, particularly on the Pacific Coast and Rocky Mountains sections.

In this connection the following table showing the production of electric power and consumption of fuel by public utility plants in the different sections of the United States, and for all the United States, is illuminating: (The table is for the three months, August, September and October, 1924).

There has been a steady increase in every section with the exception of the west north central, which comprises the states of Minnesota, Iowa, Missouri, North and South Dakota, Nebraska and Kansas. The highest percentage of increase in output is shown by the west south central section, comprising the states of Arkansas, Louisiana, Texas and Oklahoma, the increase there approximating 14.2 per cent. The Pacific Coast and the mountain states respectively show an increase of 4.6 and 5.6 per cent over corresponding period 1923. For the whole United States the increase in output over 1923, same period, was 3.5 per cent.

THOUSANDS OF KILOWATT-HOURS

Compiled by Division of Power Resources, Geological Survey

| | BY WATER POWER | | | BY FUELS | | | TOTAL | | |
|---|---|---|---|---|---|---|---|---|---|
| Division and State | August | September | October | August | September | October | August | September | October |
| United States | 1,516,442 | 1,492,070 | 1,628,040 | 3,218,984 | 3,311,027 | 3,559,084 | 4,735,426 | 4,083,097 | 5,187,124 |
| New England | 98,203 | 116,895 | 123,840 | 236,307 | 235,671 | 266,307 | 334,510 | 352,566 | 390,147 |
| Middle Atlantic | 350,927 | 357,529 | 418,268 | 926,232 | 932,423 | 1,019,371 | 1,277,159 | 1,289,952 | 1,437,639 |
| East North Central | 157,752 | 145,451 | 140,239 | 929,442 | 972,741 | 1,066,062 | 1,087,194 | 1,118,192 | 1,206,301 |
| West North Central | 122,412 | 113,966 | 123,274 | 194,136 | 202,329 | 228,950 | 316,548 | 316,295 | 352,224 |
| South Atlantic | 154,262 | 161,048 | 214,529 | 310,069 | 340,848 | 331,882 | 464,331 | 501,896 | 546,411 |
| East South Central | 62,659 | 54,369 | 47,144 | 103,745 | 113,175 | 137,731 | 166,404 | 167,544 | 184,875 |
| West South Central | 903 | 862 | 878 | 165,013 | 165,683 | 175,474 | 165,916 | 166,545 | 176,352 |
| Mountain | 222,014 | 208,834 | 200,280 | 36,581 | 38,879 | 41,110 | 258,595 | 247,713 | 241,390 |
| Pacific | 347,310 | 333,116 | 359,588 | 317,459 | 309,278 | 292,197 | 664,769 | 642,394 | 651,785 |

## WHY UTILITY SECURITIES STAND HIGH AS AN INVESTMENT

*By JOHN F. GILCHRIST,*
*Vice-President, Commonwealth Edison Company*

THE change in attitude of the great mass of investors towards public utility securities in the last ten years, from one of suspicion to the present attitude of highest approval, has been due to the disproving of many old beliefs and the appreciation, not only of the great part which the utility services play in our present civilization and of the permanence of these institutions, but also of the seemingly limitless future market for the services.

Perhaps the greatest factor in bringing about the present high standing of public utility securities as an investment has been the more general knowledge and better understanding by the investor:

First, of the broad usefulness of these institutions; the fact that they make so much for thrift and economy of time, strength and money, especially in the large communities, and that in the future this must be increasingly so.

Second, realization of the fact that, even prior to the establishment of state commissions and regulation, those entrusted with the management of these companies had begun to fully appreciate that these businesses were quasi-public in their nature, and, as such, could not be measured by the standards applied to purely private businesses, but must be conducted with a full appreciation of the special rights of the public.

Thirdly, an appreciation of the economic soundness of these businesses; their large investment in communities served, this investment ranging from four to six times the annual gross income which could be expected to come back to the company within a year's time from customers; the appreciation that the investment of capital must grow almost in direct proportion with the growth of annual income. These latter features are now fully understood by investors and the fact that growing utilities are issuing additional securities as their business expands is accepted as an evidence of the prosperity of the enterprise.

There are many other matters relative to the utilities that have been cleared up. For instance, it is hardly conceivable, as we look back a few years, that the men in the business of producing and distributing electricity should have been so stirred up as they were about 30 years ago—when their business was about ten years old—over the advent of an improved device for the burning of gas for illuminating purposes. Yet it was a very real fear at that time and many an investor, as well as the managements themselves, felt that sure disaster from this source threatened the business.

In the early days of the utilities, severe competition was actually experienced. This was before both communities and the companies recognized that these businesses must, from their very nature, be monopolies; that the best interests of both the company and the customers were best served and that any other attempt at operating them would only involve unnecessary costs such as ultimately must be paid by the customers.

In addition to this, competition was entirely done away with through the attitude of state regulatory commissions as respects the subjects. Inasmuch as utilities can operate only under a certificate of convenience and necessity issued by the state commissions, they entirely control the situation.

Municipal ownership was another bugbear which had its run. While some municipally-owned utilities now exist in a few of the larger communities, such ownership is now almost entirely confined to very small villages, which, as yet, have not had the good fortune to be reached by the transmission lines of one of the larger electric utilities, and are, as a result, forced to put up with an unsatisfactory and highly expensive municipally-operated service.

A clearer understanding has been reached by the people generally as to the proper functions of government. It is now quite generally comprehended that the providing of proper police and fire protection, providing and maintaining highways and gathering and disbursing of taxes for these

and other public benefits, is something to which cities may devote their full energies without any fear of reaching perfection. It has become recognized that political management cannot possibly be as efficient and satisfactory as private management, and that where governments—whether federal, state or municipal—begin to embark into the fields of business, there is no length to which they may not go, this comprehending such enterprises as the providing of the people with food, clothing and other human necessities, which are of quite as much importance as providing them with light, power, fuel, transportation and communication, and might just as logically be the subject of governmental operation.

With the growth of the electric utilities, the competition of the isolated plant has ceased to be of consequence. Time was, in the production and distribution of electricity, when great industrial works, and even large mercantile establishments, had generating plants which were as large as the community's central station. But now no service is too great or too small to be obtained from the electric utilities. A great steel works or one of the country's largest railroad terminals, in these days of electricity, has not sufficient requirements to give a load equal to that produced by a single generating unit of the size which are now being employed. The advantages of centralized production are so great that even the most staunch supporter of the self-contained situation admits the advantages from the standpoints both of desirability, availability of supply and the economy of it.

Another fear which has disappeared is that the retirement of those who have headed the utility industry of the country in the great advance it has made would result in the operations not being carried on as effectively and as profitably. Experience has shown that this industry, as do other essential activities, go on and succeed under the guidance of the men who have had the benefit of the intensive training of the pioneers in the business.

The public utilities today are, and are destined in the future to be, the logical investment of the masses of the people. Customer ownership has resulted in millions of men and women becoming part owners in these institutions serving their home communities. This is only natural, for they see the physical properties in which they have their funds invested, know the management, know the character of the service and of its growth and are fully aware at all times of all conditions effecting their investment.

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## SOME FACTS ABOUT THE OIL INDUSTRY

*By HENRY L. DOHERTY*
*President Cities Service Co.*

MANY years ago and before it was generally known that we were in the oil business, I said to a group of my associates, "This oil business is all wrong and some day I am going over to 26 Broadway and try and convince the people over there that it is all wrong." My partner, Mr. Frueauff, said, "Please don't do it for a while yet, for while you might go in at the door you would probably come out through the window. We cannot spare you for a while."

It is only fair for me to say that I have often since debated the problems of the oil business with the people at 26 Broadway, not only in their office, but also in my office and in my home. While they have failed to show any symptoms of allowing me to do any planning for them, they have never thrown me out of the window, nor have they shown any evidence of intolerance or arrogance and so far as I have been able to observe, they have treated their other fast multiplying band of competitors in the same manner.

In many important matters the petroleum industry is not only at a variance with the views that I hold, but they are at a variance with the practice of practically every other industry. If our industry is on a proper basis and is being properly conducted, I cannot see why it should constantly be in trouble. If our industry is on a proper basis and is being properly conducted I do not see why it does not enjoy greater public confidence and friendship. If our industry is on a proper basis and is properly conducted, I do not see why it does not enjoy better financial credit. We scarcely emerge from one government investigation before another one is inaugurated. Our chief occupation is answering questionnaires sent out by some branch of our government. We are neither criminals, near criminals nor anticipatory criminals and if we cannot change these conditions, then I think we ought to admit that we are just plain "boobs." The real truth is that our business is being properly conducted but it is not only not on a proper basis, but is basically wrong.

### Why the Oil Business Is on Wrong Track

To my mind, our business is basically wrong and it can never be made right until we can provide a dependable supply of oil. To do this we must change the laws under which we work and make these laws the same as pertain to all other classes of property.

When petroleum was first discovered it must be quite plain to every one that there could be no laws prescribing how it should be produced or how the ownership should be determined. It was believed in the early days by many to represent an underground flowing stream of oil. The courts were forced to make the best decisions they could and that is the way our laws were made under which petroleum is produced, and while on the face of it, it could be argued that it was intended that these laws should be made in conformity with the laws governing all other forms of property, nevertheless, in the last analysis, oil or gas belongs to the man who can capture it, and this means that we have absolutely no control over our production and that we are the only business that does not have any control over its production. Our present system leads to vastly greater expenditures than are necessary. We fail to recover anything like the maximum oil from the sands. In many cases the gas pressure is quickly dissipated and large sums must be spent for pumping which would be almost entirely unnecessary if the gas were conserved. In some cases, more gas is wasted than the entire value of the oil recovered. No other industry is required to work its men under such inconvenient and unpleasant conditions. Some man starts a wildcat well. If he strikes oil there is an army of people there the next day seeking leases, starting drilling operations and covering all of the other activities of a new oil field, and yet no provision has been made for their care, comfort or health. The condition of most oil camps is both disgraceful and inhuman.

Our inability to control our production gives rise to 90 per cent of all the evils of which the industry and the public complain. We cannot change these conditions without changing our laws. I am not advocating more laws or a greater degree of government control, but simply the substitution of good laws for bad laws. Laws based on our present knowledge after more than sixty years of operation and not those based on the ignorance which prevailed when the business was new.

### Market Requirements for Oil

For many years the market requirement for crude oil was fixed primarily by the amount of oil required for lamp oil, and practically everything else was a by-product to be sold for what it would bring. Then the demand for gasoline exceeded the demand for lamp oil and all other products, including lamp oil, became in turn mere by-products. Several years ago it was demonstrated that our heavy products could be converted into gasoline, and for at least three years it should have been apparent to every thinking man in the oil business that our markets would sooner or later be governed by the price of our heavy products, for if these heavy products can be converted into gasoline, then gasoline must take the price of the heavy product plus the cost of converting it into gasoline.

In the early summer of 1923 I endeavored to convince the members of the executive committee of the American Petroleum Institute that we could stimulate our markets to an extent that would absorb all of the oil that we were then producing and secure a billion dollars more per year for

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From an address delivered at the annual convention of the National Petroleum Marketers' Association.

it. The figures that I presented were not a mere guess, but they were made up by me with the assistance of our industrial fuel organization which builds and sells industrial and domestic furnaces for the utilization of solid fuel, natural gas, artificial gas and industrial heating by means of electricity.

### "Keeping Sales Ahead of Production"

It was suggested by some of my associates that it would be desirable to make these figures public, and as I had been invited to address the convention of the American Petroleum Association at Atlantic City in September, I gave out these figures in a paper to that convention entitled "Keeping Sales Ahead of Production." At a meeting of the Board of Directors of the American Petroleum Institute immediately after the convention in St. Louis I endeavored to secure an appropriation for the work of the Utilization Committee of $100,000 per year. In spite of every argument I could make I could not make my associates see the wisdom of appropriating $100,000 and they finally appropriated $25,000, largely, as one of them said, "as a personal compliment to me."

This country has endeavored for years to practically supply the world's needs for oil cheaper than it could be supplied from any other source. The interests of the industry and the interests of the public are identical. We must raise the price of oil and prevent the exhaustion of our American pools by supplementing our domestic supply with foreign oil. This will result if we adopt rational laws in conformity to laws relating to other mineral resources and then operate our oil deposits under sane methods that make for conservation and maximum yields which are not now possible under our existing laws.

It is absolutely necessary to create new markets for oil collectively rather than depend upon any individual company. One branch of the cement business alone expended during 1922 $5,000,000 collectively for the betterment of their business. Figuratively speaking, the oil business did not spend a single penny. The cement business is a small industry compared with our industry. Perhaps the cement men are crazy and don't know what they are doing, but they have been spending money collectively for the good of their industry for a good many years and they would hardly continue to do so if it did not pay them to do so.

### A Programme for Stabilizing the Industry

This is the programme I now recommend:

That we make such changes in the basic methods of producing crude oil that the raw product will not have to be forced upon the market in excess of what the market can absorb.

That we stimulate every oil company to develop as far as possible the utilization of oil, and to secure the widest possible application for every use which is developed.

That we give support, encouragement and assistance to inventors and manufacturers of oil burning apparatus.

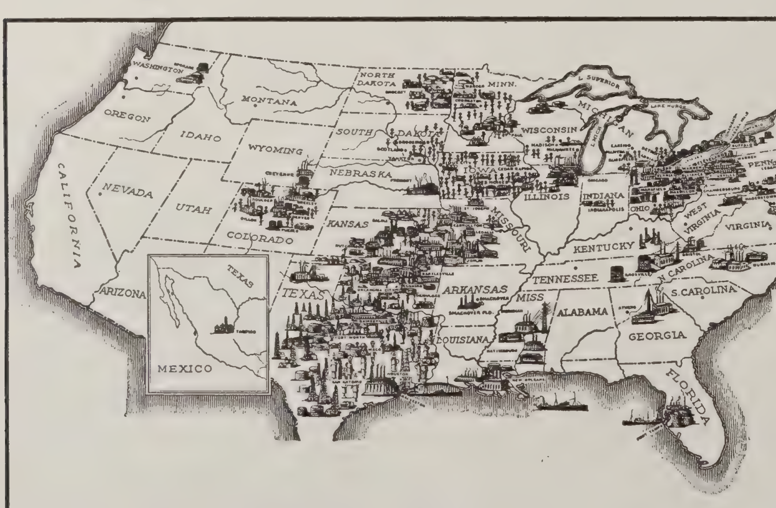
That the industry as a whole shall cooperate to develop such uses for oil as the individual companies for competitive reasons are not warranted in doing.

I should have included in this program a recommendation. Our storage systems have been largely dictated by the general tendency of haste and we have had so many disastrous fires that the prohibition placed upon us by the government authorities and the insurance companies makes the storage of oil exceedingly expensive. The average tank farm uses such small tanks and places them so far apart that they have a comprehensive plan of storage of oil above ground and the creation of free markets for dealing in this oil. The place to store oil is not in overhead tanks, but in its natural ground reservoirs. However, a great improvement can be made in our engineering methods in the storage of oil and we could take immediate steps to create over ground oil storage to the great benefit of the oil industry.

We have now had an uninterrupted over-production of oil for four years. Of course it cannot keep up forever, but even if I were sure tomorrow that conditions would right themselves from the present situation I would not be willing to allow the business to be based on a mere matter of chance if I could change it. When overproduction ceases we may immediately face a more serious condition of not having sufficient American oil to support our investments or to amortize them.

One word about the overproduction of oil. Don't let us fool ourselves on that. Our overproduction cannot be measured by excess of production over consumption. Before we can have a satisfactory price structure we must not simply find a market for the oil which is now going into storage, but we must find a market for this oil for superior uses and where the price will yield not only all our costs but a fair profit as well and then we must find similar markets at similar prices for all of the oil that is now being used for inferior purposes and by this I mean for purposes which cannot afford to pay substantially more than for coal. More than 50 per cent of all the oil consumed is used for fuel purposes. A large part of this is just as much overproduction as the oil which now goes into storage. I doubt if anybody knows how much of this must be resold for other purposes before we can hope to establish a compensatory price structure.

There was no justification for an increase in the price of crude oil either last year or the year before and there can be no justification for it this year or at least not for several months.




*Visualization of the distribution of Cities Service Co. in North America, excluding foreign branches in Europe, Australia, South America and the Far East.*

## RAPID TRANSIT; URBAN AND INTERURBAN

*By BRITTON I. BUDD*

*President Chicago Rapid Transit Company; North Shore & Milwaukee Railroad Company; Public Service Company of Northern Illinois*

ONE of the serious problems which today confront those engaged in the transportation business is supplying rapid transit to the ever-increasing numbers who overflow the corporate limits of our large cities and make their homes in suburban districts within a radius of 25 miles or even 50 miles from the centers of population.

The extent of this traffic is not generally appreciated. Every large city has its own problems in the matter of supplying transportation service to those living within its corporate limits, so that comparatively little thought is bestowed upon those living outside its confines.

To such an extent is this true that some cities actually seek to retard the daily inward and outward flow of traffic to suburban territory, overlooking or ignoring the fact that such traffic is a vital factor in the business and commercial life of a large city.

This suburban and interurban traffic in and out of Chicago amounts to a total of approximately 120,000,000 passengers a year, of whom about 50,000,000 are carried by electric railroads and about 70,000,000 in the suburban service of the steam railroads.

Large as this traffic now is, important as it is in the life of the city, it could be made vastly greater were the transportation lines properly co-ordinated and the suburban business fully developed.

### City Development Follows Good Transportation

A glance at a map of the Chicago district will show how this development follows the transportation lines. It will show that communities which have rapid transit service to the heart of the city are growing by leaps and bounds, while those suburbs which do not have such service are standing still.

Of six interurban lines operating in the Chicago district, only two, the North Shore Line and the Chicago, Aurora and Elgin, have direct entrance to the heart of the city over the lines of the Chicago Rapid Transit Company. The map shows an almost continuous city along these lines for a distance of 25 miles. In fact, on the North Shore Line the various suburban municipalities stretch in an unbroken line from the city limits of Chicago to Waukegan, a distance of 35 miles.

Similar development may be seen along the line of the Illinois Central Railroad, whose fast and frequent suburban service furnishes direct ingress to the heart of the city. No such development can be seen along the interurban lines which stop at the city limits and whose passengers must depend on the slower local transportation lines to complete their journey.

Four of the branches of the Chicago Rapid Transit Company serve communities outside of the city limits. These branches are the main line of the Northwestern Elevated, serving Evanston and Wilmette; the Lake street line, serving Oak Park and a section of Forest Park; the Garfield Park branch of the Metropolitan, serving south Oak Park and Forest Park, and the Douglas Park branch serving Cicero and a part of Berwyn.

Of the total passengers carried on these branches an average of about 23 per cent is made up of those traveling beyond the city limits. The proportion runs from 13 per cent on the Evanston line to 50 per cent on the Douglas Park branch and totals approximately 24,000,000 passengers a year.

Census figures show that the population in the suburbs which have rapid transit service is growing much more rapidly than in communities which do not have such transportation facilities, and the population in the suburbs is increasing more rapidly than in the city itself.

### Importance of Suburbs to Great Cities

Most of the large cities of the world recognize the importance of their suburbs and encourage their development by supplying them with rapid transit service. This is notably true in London and Paris and to a lesser extent in New York. A free flow of traffic between a city and its suburbs is of the utmost importance. Indeed, the commerce and industry of a city cannot grow unless it has its residential suburbs and fast transportation service between them and its stores and factories. It is essential to the life and growth of a city that it be easy of access.

The city of Indianapolis furnishes a good illustration of the benefit to a city of interurban transportation. Before the development of that city as a center of interurban transportation, fewer than 250,000 people a year entered its limits over electric lines. Last year more than 8,000,000 persons traveled to Indianapolis by interurban railways, spending their money in its stores and places of business.

Chicago with its many natural advantages is destined to become the greatest city on this continent. Steps should be taken at once to develop and improve the means of transportation between the city and its vast hinterland. The way is being opened through the electrification of steam railroad terminals in the city. The Chicago, Milwaukee and St. Paul railway electrified its Evanston division in 1908, since which time its passenger business has been handled by the Chicago Rapid Transit Company and the North Shore Line and more recently its freight business on the same division between Montrose avenue and Evanston.

The Illinois Central is now taking steps to electrify its terminal, making possible the joint use of its facilities with those of the Rapid Transit Company. It is only a question of a few years when other steam railroads will electrify within the city limits. With proper co-ordination the suburban business now handled by the steam railroads could be diverted onto the lines of the Rapid Transit Company outside the congested area of the city, thus relieving the tracks and terminals of the steam railroads for through traffic.

### Connecting Steam With Rapid Transit Lines

Physical connections between the steam railroads and the Rapid Transit Lines could easily be made at many points outside the city's congested area. Through this co-ordination of facilities the steam railroads could continue to serve the outlying suburban communities, and trains on entering the city would be run over the Rapid Transit lines to the business district and to all parts of the metropolitan area, as in the city of London.

The above is based, of course, on the assumption that the present Rapid Transit Lines are extended to various parts of the area not now served by them; that express tracks are provided, and generally, that an intelligent, aggressive and up-and-doing atmosphere surrounds transportation progress. The miasma of politics bids fair to continue, however, for another cycle of "blah" instead of work.

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## ACQUAINTING THE PUBLIC BY ADVERTISEMENT

The Illinois Traction System operating 556 miles of interurban electric railway stretching from Peoria and Springfield, Illinois, to St. Louis, with branch lines reaching many other places, has begun a series of advertisements running in the smaller daily and weekly newspapers directly on its lines which is intended to acquaint the people of those communities with the facts concerning this great interurban system, so as to create a better understanding of the services rendered by the lines, and the value of the electric railway to the territory served.

In a number of magazines reaching shippers it is using full page advertisements pointing out the advantages of shipping by traction. The Illinois Traction System has its own bridge over the Mississippi at St. Louis, and a fine terminal in the heart of the business district. It was a pioneer in giving sleeping and parlor car service in its territory. Its freight and express service are unexcelled. Traveling men find the sleeping car service invaluable, and manufacturers and merchants get freight service that is on a par with railroad express service.

Always a progressive road, the Illinois Traction System believes in talking direct to the people, and the advertisements deal briefly but effectively with matters that are of interest to the car riders and the company.

## FUTURE OF ELECTRIC RAILWAY UP TO THE PEOPLE

*By B. C. COBB*
*Vice President, Hodenpyl, Hardy & Co., New York*

THE life or death of the electric railway is clearly up to the people themselves. If a community really wants electric railway service it will have it, but to do so, it must pay for it either by a proper fare to a privately operated company or by including the cost in the tax bill under municipal operation.

I am not going to discuss here the arguments of privately owned and operated utilities versus those owned and operated by muncipalities. If I did I might be called a partisan. I do know, however, that one cannot get something for nothing or long continue to get without giving. These are homely expressions on which some of our political friends may well ponder. Motor busses cannot supplant the electric railway in towns of any size. They can, however, be used in conjunction with and supplementary to the railway service, not only as feeders but by the establishment of new lines into new territory and by replacing unprofitable lines at times of new street construction.

Proper governmental regulation should include not only adequate rates of charge but also adequate service rendered. It should see that unfair competition is done away with, and that one of the greatest evils now existing in our city streets should be corrected—I mean parking of automobiles along the curb. Our streets were built for and meant to take care of traffic, not for storeyards, and yet many of our city lawmakers and authorities and even our merchants are afraid to act for fear of criticism on the one hand and on the other loss of business. What we need is a little courage and a little introspection. If proper laws are passed and enforced regulating or rather stopping this abuse of public property there will be in the end very little criticism of the authorities, no doubt increased business for the merchants, unquestionable savings for the taxpayer because of lack of necessity of widening streets, and surely increased patronage for the railway lines, with savings for the automobile owner in getting just as good a ride but at a cheaper rate.

In 1923 the electric railways carried approximately 16,000,000,000 passengers, or between 600,000,000 and 700,000,000 more passengers than in 1922, the then high water mark of the industry. True, the larger portion of this gain was made in the big centers of population like New York, Chicago, Philadelphia, Detroit, Baltimore and Boston—still at the same time increases were shown in the medium and smaller sized cities. This really is a wonderful record when we consider the tremendous automobile competition, and is significant in proving that electric railway service is something we are not yet ready to throw away.

That the electric railways have been in a transitory condition during the past ten years is a question I think no one will argue. Prior to 1914 electric railway securities were more sought after than any other form of public utility security except perhaps steam railroad securities. Up to that time, with few exceptions, electric railways had continued year after year to show constant and consistent gains in number of passengers carried, and net earnings applicable to fixed charges and dividends were ever in the ascendant. Many investment bankers and investors themselves who now shrug their shoulders and turn away when electric railways are mentioned, at that time did the same thing when gas and electric light and power securities were placed upon the counter. I am not saying that their judgment in many instances is not good, but I do say we must not let our fears get the better of our wisdom, and we should not condemn all because some have failed to pass muster.

There are today many bargains to be obtained in traction securities if one will take the time to look for them. An industry which is indispensable must succeed, and success is the foundation stone of our investments.

Gas and electric light and power securities, of all public utility securities, at present hold a commanding place in the investment public's eye. And rightly—for the service rendered by these two giants of the public utility family (water alone

not counted) is perhaps the most necessary of all the service rendered by public utility companies. We must have light—we must have power—we must have fuel. Gas securities until 1905 perhaps were in the lead—this because the gas industry was of greater age. It had long been established as a necessary part of our daily life, and its management generally for the period of 15 years prior to 1905 had been progressive, intelligent and ever ready to serve the people's needs. Gas during those years became just as necessary for fuel as it had been necessary previouly for light. Most of the gas companies had been prosperous and regular payers of interest and dividends on bonds and stock. This because of the demand for service and the fact that prices for labor and materials fluctuated little during the period, and also—and an important point—because the margin between the selling price and the cost of producing and marketing was commensurate with the service rendered.

The fact that gas securities have during the past 20 years of transition somewhat lost the lead to those issued by electric light and power companies does not in any way mean that they have been crowded off the boards. They still are inviting and safe for the investor's money.

While the lighting field of gas companies has largely been taken over by the electric companies, their sales for other purposes—fuel for cooking and for the industries—have increased enormously. In addition to all this, the advancement of the art—improvement in manufacturing methods—has been more rapid in the past 10 years than in any 20-year period prior thereto.

Since 1905 the growth of the electric light and power companies has been phenomenal. Not only has this growth been in the lighting field, but in the power and industrial field as well, and it is altogether likely that the record for the next ten years will be equally astounding, for those who think they know and prognosticate say that the development of the industry has only just begun. Fifteen years ago it was hard work for an industrial salesman of a power company to crowd out an isolated plant. If not always laughed at when attempting to prove the benefits of central station power he was often greeted by merciless interrogation and thinly veiled expressions of disbelief. Today the difficulty is to take care of those who without invitation would come on the lines. Here again we have transition and an illustration of what centralized control under proper and economic management can do.

Generally speaking, the securities, both bonds and stocks, of power and light companies are today safer for an investor's money than any other security except government bonds and bonds issued by states and municipalities. I do not mean by this that anyone with money to invest can throw it down and say without thinking "give me 100 shares of that or 100 shares of this." A wise investor will carefully pick his securities just the same as anyone with prudence will carefully inspect the wares he would take home. There are reasons why this is so and very simple reasons, too. In the first place, the development of the electric power and light business, of all the public utility business, was the last one in the field and it has therefore had the opportunity of profiting by the mistakes of its older brothers. There has not been expansion into unprofitable fields, a mistaken policy which caused embarrassment to many traction companies. Studious and learned men have advanced the art at a tremendous pace by introducing improved methods of generation and transmission. Wasteful and destroying competition has not been so keen because the people have come to understand that under governmental regulation it is a mistake and unnecessary in order to procure lower rates. Rates of charge made for service by power and light companies have decreased in the last 20 years to a very marked extent, notwithstanding tremendously increased costs of almost everything entering into the production and marketing of electric current.

And last, but not least, is Customer Ownership—a bulwark against Socialism and a very helpful friend in many other ways.

## HOLDING COMPANY ACHIEVEMENTS IN 1924

*By MARTIN J. INSULL*
*President Middle West Utilities Company*

THE past year's performance of business has seen the holding company play a more prominent than ever role. Institutionally, the holding company's greatest advancement came through increased public understanding.

In the utility field, the administrative benefits of holding companies became emphasized in the public mind through the industry's successful operating and expansion record, and investors—from the largest down to the one share holders—have become generally familiar with holding, or investment, company fundamentals. They know that a cardinal principle of a safe investment is diversification. They have been urged by their bankers and brokers to buy securities of different companies for this feature. But the knowledge has dawned that one share of stock in a holding company is in itself tremendously diversified, for the one hundred dollar investment is spread all over the subsidiary properties, some of which operate in as many as a third of the states of the Union. Then, too, they have learned the important and necessary part holding companies play in the correct financing of their subsidiary groups, they have seen the pyramiding advantages of broad, general policies applied to a number of operating properties, they have realized that a group of utility companies, equipped with first class executives controlling capable organizations independently, working their companies as local entities to the benefit of themselves, but assisted and directed, where necessary, by the engineers, statisticians, new business experts, merchandisers, financial experts, and the legal, publicity and public educational departments of the holding company, was the method—and the only possible method—of making economically practical the plan of bringing to the smaller towns, hamlets and rural districts the same class of electric service that is supplied to the larger cities.

This understanding, old to the utility industry's principals and their associates, is new to the public. It is the story that holding companies have been telling for years, but it is a story that is only now beginning to be comprehended by the rank and file of people. The great strides made in getting that story home in 1924 can be fairly and accurately gauged by the enhanced popularity of holding company securities. The money that holding companies were forced to ask for in other years is now offered. And by that test, it may be said that the holding company has definitely come into its own.

Analyzed, it would appear that the investor, instead of considering the holding company as some intangible thing—some fourth dimension—has begun to see it in accurate light; that is, as another investor. To be sure, the holding company is a very large investor, but its position is the same as that of any other stockholder, and the individual with so many hundreds or so many thousands of dollars to put to work productively is fast evidencing a willingness to trust the judgment and the investment discrimination of a company with so many hundreds of thousands of dollars to put to work productively. The holding company becomes to the individual investor in it, then, a definite, careful personality to go along with in financial matters. Because it is the most responsible stockholder, the holding company naturally has the largest interest in seeing that the properties in which it and the individual investor are financially concerned function properly, expand intelligently and serve adequately. And the individual investor, knowing this, has finally come to look upon the holding company, by and large, as a strong, sound, helpful and altogether satisfactory institution.

The public utility holding company has, of course, been aided in arriving at this state of public understanding by the tendency toward the large concentration of capital in other businesses. The obvious advantages of the holding company principle are matters of general knowledge, though public utility holding companies have been foremost in promoting the necessary public education. They have made

# MIDDLE WEST UTILITIES COMPANY

EDISON BUILDING

CHICAGO, ILLINOIS

| Subsidiary Companies | State | Communities Served | Classes of Service | | | | | | Estimated Population Served |
|---|---|---|---|---|---|---|---|---|---|
| | | | Electric | Gas | Water | Ice | Heat | Railway | |
| Central Illinois Public Service Company | Illinois | 230 | 228 | 9 | 9 | 10 | 5 | 6 | 445,000 |
| Illinois Northern Utilities Company / Sterling, Dixon & Eastern Elec. Ry. Co. | Illinois | 82 | 79 | 9 | ........ | ........ | 1 | 3 | 138,000 |
| McHenry County Light & Power Company | Illinois | 4 | 4 | ........ | ........ | ........ | ........ | ........ | 1,700 |
| United Utilities Company | Illinois | 11 | 11 | ........ | ........ | ........ | ........ | ........ | 6,600 |
| Interstate Public Service Company | Indiana | 73 | 72 | 13 | 11 | ........ | 1 | 6 | 209,000 |
| Indiana Power Company | Indiana | 41 | 41 | ........ | 2 | ........ | ........ | ........ | 75,800 |
| *Indiana Hydro Electric Power Company | Indiana | ... | ........ | ........ | ........ | ........ | ........ | ........ | ....... |
| Kentucky Utilities Company | Kentucky | 63 | 63 | 3 | 7 | 14 | ........ | 1 | 150,000 |
| Kentucky Light & Power Company | Kentucky | 4 | 4 | ........ | 1 | 1 | ........ | ........ | 15,000 |
| †Kentucky Hydro Electric Company | Kentucky | ... | ........ | ........ | ........ | ........ | ........ | ........ | ....... |
| Michigan Gas & Electric Company | Michigan | 25 | 21 | 7 | ........ | ........ | ........ | 2 | 70,000 |
| Missouri Gas & Electric Service Company | Missouri | 26 | 25 | 2 | ........ | 1 | ........ | ........ | 31,800 |
| Central Power Company | Nebraska | 20 | 20 | 2 | ........ | ........ | ........ | ........ | 34,000 |
| Nebraska City Utilities Company | Nebraska | 5 | 5 | 1 | 1 | ........ | ........ | ........ | 7,400 |
| Public Service Company of Oklahoma | Oklahoma | 19 | 17 | ........ | ........ | 9 | ........ | ........ | 154,000 |
| Chickasha Gas & Electric Company | Oklahoma | 8 | 8 | 1 | ........ | ........ | ........ | ........ | 14,000 |
| American Public Service Company | Okla. & Texas | 80 | 80 | 2 | 2 | 35 | ........ | 3 | 185,000 |
| Citizens Gas Light Company | Tennessee | 1 | ........ | 1 | ........ | ........ | ........ | ........ | 21,000 |
| Electric Transmission Co. of Virginia | Virginia | 6 | 6 | ........ | ........ | ........ | ........ | ........ | 11,100 |
| Old Dominion Power Company | Virginia | 8 | 8 | ........ | ........ | ........ | ........ | ........ | 8,100 |
| North West Utilities Company | Wisconsin | | | | | | | | |
| Lake Superior District Power Company | Wisconsin | 22 | 22 | 1 | ........ | ........ | ........ | 7 | 60,000 |
| Southern Wisconsin Electric Company | Wisconsin | 11 | 11 | ........ | ........ | ........ | ........ | ........ | 18,000 |
| Southern Wisconsin Power Company | Wisconsin | ........ | ........ | ........ | ........ | ........ | ........ | ........ | ............ |
| Wisconsin Power and Light Co. | Wisconsin | 91 | 90 | 5 | 1 | ........ | 2 | 3 | 224,000 |
| Wisconsin River Power Company | Wisconsin | ........ | ........ | ........ | ........ | ........ | ........ | ........ | ....... |
| Twin State Gas & Electric Company / Berwick & Salmon Falls Elec. Co. | New England | 54 | 54 | 3 | ........ | ........ | ........ | 1 | 123,000 |
| Total Subsidiaries | | 884 | 869 | 59 | 34 | 70 | 9 | 32 | 2,002,500 |

*Sells energy at wholesale only.

†Hydro electric power plant in course of construction.

December 1, 1924.

the reinforced credit of subsidiaries, the elimination of expensive duplication in work, the economies of mass purchasing power and the myriad other benefits of holding company organization household by-words in the smallest village where the least subsidiary operates. They have won the same full measure of credit for the great developments in the electric light and power field from the farmer in his electric lighted home miles away from any community, any railroad, that they have won from the secretary of commerce in Washington. In short, they have won the friendship, the confidence and the appreciation of a big majority of the American people, and I consider the educational accomplishments achieved in 1924, which contributed generously toward bringing this condition about, one of the finest chapters in the past year's history of public utility holding companies.

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## ELECTRIC LIGHT AND POWER SECURITIES

*By BROADUS J. CLARKE,*
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IT IS almost universally conceded that public utility bonds, particularly those of electric light and power companies, possess features that make them worthy of the consideration of investors because they combine the elements essential to conservative investment, namely, security, regularity of income, attractive yields and marketability.

It is indeed a source of gratification to those of us who have for many years steadily advised our clients to purchase the securities of high grade electric light and power companies, even during the strenuous war period, to see how universally popular they have become in recent years both among investment houses as well as individual investors.

In years past it frequently required a great deal of educational work on the part of the investment dealers and a great deal of high pressure salesmanship on the part of the investment salesman to convince their clients of the real excellence of these securities. It is now largely a matter of finding the prospective purchaser with money to invest and simmers down to a case of locating free money available for investment, because the purchase of electric light and power securities is already practically determined upon in the investor's mind before he is approached by the bond salesman.

This, of course, is due to several causes, such as the ability of the customer to see for himself that the business and service rendered by Electric Light and Power Companies is absolutely essential in the daily life of any community. This gives them a stability of earning which is often lacking in industries selling luxuries or products the demand for which is seasonable. They are practically unaffected by periods of business depression.

### Factors That Make Bonds Strong

Coupled with this, as an equally strong feature, is the fact that they enjoy a monopoly in practically every community, thus eliminating competition. Furthermore, this business is practically on a cash basis. If bills are not paid, the service is discontinued. We are all aware that electricity and gas are two commodities that the average person must and will have. The very fact that possible loss through bad debt is thus reduced to a minimum, and money is not tied up for long periods, is an exceptional advantage and gives added strength to their securities.

These companies are again fortunate in not having to carry large surplus stocks of merchandise, and thus do not have heavy inventories which might be subject to depreciation in value. Their product—electricity—is manufactured only as needed and is sold direct to the consumer. Moreover, the industry is not one which has reached its final development, nor will it ever do so as long as America continues to prosper and develop as she has in the past.

The interests of public utility securities holders are safeguarded by state laws and regulations. There are careful restrictions built up around the issuance of these securities. Rates and service rendered are also subject to state supervision and to retain their franchises the companies must give satisfaction. On the other hand, the approval of the Pupblic Utility Commissions makes them certain of receiving whatever rates are granted them. Thus both the companies and the public receive fair treatment. This certainty of income causes the investor to count on receiving his interest with regularity and enables the company to refund all bonds and pay the principal and interest as they mature.

In addition to all this there has been, and rightly so, a large amount of publicity in the majority of newspapers, magazines and investment service periodicals regarding the remarkable development of this industry, included in which, of course, is the very well thought out advertising campaigns issued by many of the leading investment houses.

The story of the expansion of the Electric Light and Power industry of today is one of the most romantic and fascinating in American industrial history. The day of the small company serving one community in a more or less haphazard way has passed and in its place has come the dependable night and day service rendered by the large company or group of companies combined into one large system under the efficient management of successful men of broad vision. The vastness of the industry and the volume of business done is indicated by the gigantic sum of $5,800,000,000 invested in Electric Light and Power plants in this country. This is over one-third more than the investment in the iron and steel industry and four times as much as the meatpacking industry and three times that of the automobile industry.

Customers to the number of 13,356,000 paid an aggregate sum of $1,300,000,000 for the use of electrical current in 1923 and this number is increasing at the rate of 1,150,000 yearly.

### Cooperation and Harmony Now Rules

The Electric Light and Power industry is occupying a unique and serviceable field. It is furnishing one of the elements most essential to the nation's progress, namely, that of cheap power without which national growth and individual prosperity would be greatly handicapped. In other words, it is helping to do the nation's work and contributing toward making the United States more efficient and a better place to live in, and toward helping to keep our country increasingly in her position of world-wide leadership.

An evidence of the fine feeling of friendliness and cooperation existing between the companies of today and the public is the widespread ownership of the companies' securities by customers. It is estimated that in excess of 2,000,000 people in this country own securities of Electric Light and Power Companies. Thus the investor shares in the profits of the business while the companies benefit from this support.

In my opinion it is indeed fortunate that the investing public has become so favorably impressed with the desirability of Electric Light and Power Securities, because it helps just to that extent to keep the public from purchasing so-called questionable securities of promotional schemes. Nowadays it is a comparatively easy matter for an investor to find a really worth while place to employ his funds and I believe that particularly fortunate are those who have become convinced of the excellence of this type of security.

It is my feeling that in selling a bond or even a particularly good preferred stock of an Electric Light and Power Company, the purchaser has made a safe and substantial investment, and I am convinced that he has reduced the possibility of loss of principal or interest during the life time of that investment to a minimum and at the same time he has assured himself of good marketability should he wish to dispose of his holdings. That in itself is a service to him which reacts most favorably upon him because we know that of all worries, financial worries are the most disastrous in their effects. Being freed from the likelihood of trouble when holding such securities, he is able to become just that much more efficient in his own business or profession and thereby be a better citizen and more physically and mentally efficient to carry on his work in the world.

Certainly to be able to sell such securities has a correspondingly happy and beneficial effect upon the salesman, helping him sincerely to believe that he is rendering a real service to his day and generation, in addition to the mere fact that he is doing well and becoming successful in his own business.

## PUBLIC UTILITIES FOR SOUND INVESTMENT

*By J. R. DIEUAIDE*
*Of Henry L. Doherty & Co., New York*

PUBLIC UTILITY securities are now generally accepted as one of the most desirable fields for investment. There are many outstanding reasons why this type of security is favored by all classes of investors.

First of all, public utility companies represent a concededly stable, steadily profitable, and continually expanding industry, because of the necessity for the service rendered, which must be ever ready to meet the increasing demands of growing populations.

Next, the public utility companies are subject to various regulations by state public service commissions, which maintain a standard of fair treatment for both the utility customer and investor.

Public utility business is practically on a cash basis. In fact, in many cases, charges for service rendered are collected in advance, as in the case of telephone companies. If charges are not collected in advance in this industry, they are payable at short intervals, as in the case of gas and electric light, heat and power services.

**Inventory Hazards Eliminated**

Again, stocks on hand or inventories, such as have brought about the downfall of many a commercial enterprise, are practically unknown in the public utility industry, excepting fixtures and generating and operating equipment. To be able to operate without large inventories means independence from market disturbances and fluctuations.

Public utility companies can reasonably be expected to automatically develop with the growth of populations in cities and communities.

Statisticians will find striking evidence of the soundness of public utilities securities in the fact that from June, 1919, to June, 1921, in a steadily falling securities market, the Preferred stocks of 53 representative electric light and power companies declined an average of only $9.25 per share, as compared to the average decline (in the same period) of over $28 per share in the case of 100 of the foremost industrial and railroad Preferred stocks.

**Rapid Expansion**

In a period of ten years, from 1910 to 1920, the amount of electric energy sold by electric light and power companies increased over 350%—striking evidence of the rapid expansion of this division of the public utility industry.

Even more striking evidence of this wide expansion is found in the record of the public utility division of Cities Service Company, one of the greatest public service organizations in the world. Its subsidiaries sold over 990,000,000 kilowatt hours of electricity in 1923, which is an increase of 500% in nine years. Its subsidiaries sold in 1923 more than 6,900,000,000 cubic feet of manufactured gas, an increase of 350% in the same nine year period.

Statistics show that approximately $16,000,000,000 is invested in the public utilities of the country—over four times as much as in the steel business; over eight times as much as in the automobile business, and over ten times as much as in the meat packing business.

Present estimates indicate that more than $1,000,000,000 is annually required by public utilities for expansion purposes.

The last annual report of the New York Life Insurance Company shows that out of a bond investment fund of $44,000,000 over $9,000,000 was allotted to public utility bonds, which were bought to yield a higher percentage than shown by any investment made with the balance of this fund.

**Safety Plus High Return**

Public utility securities, especially Preferred stocks, offer the most attractive field today for an investment combining the highest possible degree of safety with a maximum high return on money invested. This is particularly true of Cities Service Company Preferred stock, which is at present yielding over 8%. This security is a Preferred issue of a holding company that operates 65 public utility subsidiaries and 40 successful petroleum producing, transporting, refining and marketing subsidiaries.

The diversity of this Company's business is an added attraction for investors, because its important utility holdings serve to stabilize its profitable oil business; on the other hand the large earnings from its oil holdings tend to make greater profits under this combination than can possibly be made by public utility properties alone.

The earnings of Cities Service Company's public utility subsidiaries alone have always been more than sufficient to pay Preferred stock dividends. The large earnings of its petroleum properties are unnecessary for this purpose; instead, such earnings serve as added protection for the Company's Preferred stockholders.

**Large, Steady Earnings**

During the last 13 years—ever since Cities Service Preferred stock was first issued—the Company has paid all dividend requirements, which amount to a total of $39,061,564. Net earnings for this period amount to $136,773,910, or over 3 1/3 times as much as required for this purpose.

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## THE FARM ELECTRIFICATION PROBLEM

*By CHARLES F. STUART*
*Northern States Power Company*

AT RED WING, Minnesota, recently, there was held a two-day conference, the results of which may constitute an important chapter in the history of American agriculture.

Near Red Wing is located the first experimental rural electric line in the world, built by the Northern States Power Company and operated under the guidance of a State committee composed of representative farmers, educators and power company representatives, the actual experiments being in direct charge of the Agricultural College of the University of Minnesota. Considering that the Red Wing line is the first of a number of experimental lines being undertaken under similar auspices in various other states, all under the general supervision and endorsement of the committee on relation of electricity to agriculture, it was entirely fitting that this conference, with its history-making potentialities, should have been held at Red Wing.

Until recently, the farm line problem has been very much neglected. The farmer wanted electric service, but was unaware of the problems involved in carrying it to him. A few men in the agricultural colleges wanted to experiment with rural electrification, but lacked the necessary facilities. Manufacturers of electric equipment were inclined to be content with the thought that they were prepared to supply motors when the farmers asked for them. Manufacturers of farm implements were somewhat indifferent to what form of motive power was applied to drive their machinery. Central station companies, until recently, shied at the whole proposition because of unprofitable farm line investments in the past.

This was a situation, however, which could not endure, and one after the other these various agencies began taking a serious interest in the farm line problem, with the result that they all came together around a table at Red Wing, where Professor E. A. Stewart, representing the Agricultural College of the University of Minnesota as director of the Red Wing experiment, made it perfectly clear that rural electrification is the problem of all five of these agencies, and that the best hope for a successful conclusion lies in harmonious, co-operative endeavor.

Dr. E. A. White, director of the national committee on the relation of electricity to agriculture, declared that many other states are following the lead of Minnesota by constructing experimental rural electric lines.

Speaking for the farm implement and electric equipment manufacturers, H. J. Hirschheimer, president of the National Association of Farm Implement Manufacturers, said: "Both of our industries have long had an interest in this problem of rural electrification as it intimately involves the progress and development of the American farm, but not until now has there been presented so definite an opportunity to vis-

ualize the problems involved and make our interest an active one. We wish to report that while we cannot now speak for all firms engaged in our respective industries, you can rely on the active co-operation of all represented here. We have seen today that there are many problems which naturally fall solely to the manufacturers of electric equipment and manufacturers of farm implements. These problems we must work out together, and we give you assurance of our serious co-operation."

A great deal of attention was paid during the conference to the technical and mechanical problems involved in the application of electricity as motive power. After the conference the visitors inspected the various farms on the trial line and all displayed an intense interest in the many comforts and conveniences which electricity has brought to these homes. Besides the many uses to which electricity has been been applied in connection with farm chores, all the houses were found to be wired adequately with double and triple throw switches and efficient and attractive lighting fixtures. Washing machines and electric ranges were found in every home as well as electric ironing machines, vacuum cleaners, irons and most important of all, running water. There are kitchen sinks and bathrooms in all the homes on the Red Wing line.

The best equipped city homes contain few conveniences that are not now to be found in this experimental rural community. In two instances, the visitors were told by farmers that they had intended giving up farming until electricity came as a blessing into their lives. But it was generally agreed that while electricity had transformed the Red Wing community, the future possibilities for improvement are legion and toward this goal all hands and heads are working.

## GROWTH AND SATISFACTORY BALANCE SHEETS*

*By A. R. BONE*

*General Commercial Superintendent, Illinois Bell Telephone Company*

HOW are telephone companies to continue to grow and expand at a rate satisfactory to the public they serve and at the same time continue to produce balances of revenues over expenses which will be satisfactory to the investors in the properties devoted to such public service?

A great deal might be said at this point to prove that both objectives outlined in this question are necessary and must be attained; namely, we must expand, year after year, whether we really wish to or not, and we must therefore continue to produce balance sheets which will make possible a continuous inflow of new capital. But we can well admit these facts of our business and devote our time to answering how and when, rather than why, these two most important things should be done.

The simplest answer to the question is merely that rates, which represent our only source of revenue, must be kept at a sufficiently high level. Such an answer, however, is but a platitude; it begs the question and leaves us, in every practical sense, as much in the air as ever. We can admit that rates are controlling, but what we want to know is, how can we proceed from now on so as to insure the receipt of proper revenue promptly when needed and without losing the confidence and cordial cooperation of our subscribers, which we know to be essential to the real success of a modern public utility company? The answer to that, of course, is proper, persistent and perpetual publicity as to the facts of our business.

### Some Queries Raised by Patrons

What are some of the facts, and especially the facts which are not obvious or even easily understood by our patrons? Let us consider them from the viewpoint of the patrons to whom, let us assume, we have just announced that a raise in our rates is necessary and will soon be put into effect. The so-called facts which they will raise for our consideration will probably be something as follows:

1—The war, we admit justified your last increase, but it has long since been ended; commodity prices are gradually decreasing; many prices and rates are being lowered, not raised.

2—Wages, we admit, have not been reduced and we don't think they should be; but, if commodity prices are falling, certainly your costs as a whole must be falling and therefore there can be no justification for higher rates now.

3—Some utility rates have been reduced instead of raised lately; and if one utility can make reductions they all should be able to do so, insofar as economic considerations are concerned.

4—You haven't suspended dividends yet so I guess you don't need any more money in my town; not just yet. (This statement and the erroneous conclusion drawn from it will, of course, be most frequently used in territories where a company is operating many exchanges).

The list of "points" and "conclusions" drawn from them by the public we serve could be extended, but it is long enough to serve the purpose. Those enumerated show that we have a real publicity problem to meet and that we now have greater necessity than ever before for explaining the real facts of the telephone business and the true conclusions which they justify. Now what are some of those facts, as seen by those familiar with the actual operation of a telephone company? In general, we will find that the facts are not altogether misstated by our patrons; they do not know all the facts, they do not know the whole story, and therefore it is their conclusions which are incorrect. Our Publicity must be so planned and aimed as to convince them of this final and most important fact.

### Meeting the Facts Squarely

As we know them to be true from our experience and records, the current facts of our business may be stated as follows:

1. Rates must cover the volume or amount of service supplied as well as the unit cost of such service. Every exchange must grow; most of them have grown very rapidly during the past five years. Primarily, and regardless of current price levels, therefore, the average subscriber is being given a constantly increasing volume of service, in the form of longer average circuits or more messages per day, or both. This obviously will necessitate a gradual increase in average revenue per subscriber in a growing city, even at fixed unit costs. In a flat-rate exchange this can be met only by successive increases in basic rate schedules, or higher rates for apparently similar service classifications. The public fully recognizes this principle—it even demands its application—as applied to two exchanges of different size. All commissions and telephone companies do the same. We must merely explain that the same principle applies at different periods in the life of any one growing city or exchange. In other words, rates must not only be higher in a city like Peoria than in the town of Galena, but when either of them grows to twice present population and telephone development, present rates if now adequate would then without question be very inadequate.

2. The big factor of daily or yearly cost of giving telephone service is the pay roll. Most telephone companies have to use from 60 to 70 cents out of every dollar of revenue to meet this cost. In this respect the telephone business is different from any other utility business and the reason for this is the fact that our product consists chiefly of personal service—while other utilities furnish an impersonal service or commodity. Unless wage scales should be reduced materially—and even our subscribers would hesitate to demand or desire this under present economic conditions—there is comparatively little revenue left out of each dollar received, from which a decrease in rate could possibly be made (as suggested by points 2 and 3 above) or from which the actual increases in other expenses and annual costs can be paid without an increase in rate, or number of revenue dollars received.

### Commodity Prices Still Very High

3. Commodity prices of most of the materials and parts making up a telephone plant (cables, pole lines, wire, apparatus, etc.) did reach a maximum in either 1920 or 1921,

*An address before the Illinois Telephone Association Convention, Peoria, November 13, 1924.

although they are still from 70% to 100% higher than they were in 1914 when the great war started, and much higher than they were in 1918 when it ended.

But—and this is the big fact which the public does not understand and which our publicity must emphasize and explain more fully—the average cost and value of the plant in use per telephone has gone up every year since 1914; it is now higher than ever before; and it must continue to increase, rather than noticeably decrease, for some years to come; this being true even if unit prices of materials continue to fall. However, they have risen slightly during the current year.

This fact seems paradoxical to the public and probably will not at first be accepted as true since it is not true in connection with ordinary retail or wholesale business with which they are more familiar. It is not true of a business having a relatively small fixed investment per customer and a quick turnover of goods bought and soon disposed of at current prices. But it is true of the telephone company, the railroads, and others having large and costly fixed plants. Your books and our books show it is a fact, and its mathematical demonstration is an easy matter.

During the war we all spent as little as possible on plant extensions and used our facilities as fully as possible. As a result (using our large Chicago exchange as an example) our average investment per station increased only 8% up to 1920 which was the year of peak commodity prices. But it has increased more rapidly each year since and now shows an increase of 27% over 1914. And to show that this is not peculiar to city conditions, our average for the entire Suburban Division, covering eight counties around Chicago, is now 26% above the figures for 1914; practically the same increase as in the case of Chicago.

Of course, the explanation is that the commodity prices, while on the downward trend and noticeably less than three or four years ago, are still far higher than our present average in use; and therefore any additions at present prices will still further raise the average until the two figures cross again, which, as indicated by the chart, will not occur for some time to come.

**Carrying Charges Have Increased**

The carrying charges of this increased investment as well as the increase in taxes, to which we have all been subjected, will have to be paid out of the 30 or 35 cents left of our revenue dollar—after wages are paid. With wages not reduced and other items increased this remainder is too small.

Now as to our point No. 4—"You haven't suspended dividends yet so I guess you don't need any more money in my town; not just yet." It is not true that nothing should be done to equalize and adjust rates in one exchange until the company owning that exchange is in financial straits. Such a plan is economically and financially unsound, which means in the case of a public utility, that it is against the best interests of the public served and to be served by that utility. As a business proposition it is the same as though the management of a department store paid no attention to each separate department but continued to sell shoes, or hardware, or hosiery, at a loss until the whole store was in financial trouble. Certainly we should have no difficulty in meeting such an argument in connection with any one situation which develops a local need for increased revenue based on the facts of its present financial standing.

**Value of Service Rendered**

The fact that the value of our service is still far above any price we have so far asked for it, or are likely to be required to ask for it, is the most comforting fact to our stockholders and to us as managers of their properties. We owe it to the public, and to our professional selves, to produce good service at the lowest adequate rates. But if the facts show that we need higher rates we need never fear that we cannot secure those rates due to their being above value and therefore impracticable. We must only show our facts and prove our case. As a matter of fact there are a great many companies in the state that have had to reduce or pass dividends or pay them out of surplus set aside for deferred maintenance. These companies can look ahead to the time in the near future when under existing rates there will be no surplus and dividends will have to be suspended.

In this connection let me quote from an opinion of Chairman Prendergast of the Public Service Commission of the State of New York, in a recent rate case:

> The provision of the statute regarding the preservation of the property of the company does not refer to its preservation in a physical sense. It means the preservation of its property as a whole, or its corporate interests as a whole. The preservation of the property means that the company will be empowered to make such charges for its services, as will enable it to carry on its business without the fear of financial embarrassment, make its plans uninterruptedly for the extension and improvement of its business, and preserve and maintain its credit. All of these considerations are subject to the company being allowed a fair rate of return.
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> It must be remembered that the company can never recover losses that it may sustain in this way, and I hold that it is just as immoral to deprive a public utility of its just returns as it would be to knowingly permit a utility to charge a higher rate than that to which it was entitled, and in that way exact from the public tribute that it should not pay.

**Determining Rate to Be Paid for Service**

One more fact which we must not overlook nor fail to state on every occasion is the basic fact of all utility service, that the service itself,—its quality, its adequacy, its dependability,—is the important thing in all places at all times. Such service must first be given and maintained. The rates for such service are then determined on a fair basis, but as an entirely secondary matter, to fully cover the cost for such good service. This is what the public really wants and we should recognize such real demand even through the smoke screens which are so often thrown up to cloud the real issue. Give the service, satisfy the demands of the public. Then calculate your costs, explain your situation by real and effective publicity, and demand fair pay for the goods you deliver—just as every other efficient and able merchant does if he continues in business and keeps pace with the town in which he operates.

With a million and a half subscribers in the state already and hundreds of thousands more who will require service within the near future, this is a difficult thing to do. But we'll have to do it. Through Chambers of Commerce, Rotary, Kiwanis and Lions Clubs, Women's Clubs and other civic organizations, through Merchants Associations, Church organizations and Employee group meetings we can get our message over if we have all of our own people—not only our Presidents and General Managers and Commercial representatives, but all the clerks and operators and repairmen, installers, linemen and all others—posted and interested and intelligently informed.

**Cooperators With the Public**

Then we can prove our case to all of our customers if we use the right kind of simple statements of the truth of the situation confronting us.

We need to be active ourselves in Chambers of Commerce—not only in looking for help from the members in connection with our own problems but in a way to prove that we are cooperators in any sort of a proposition that is in the interest of the public and for the business good of the community.

Then if we have the right sort of contacts it will not be hard for us to get the confidence of those whom we serve and with whom we work for the common good.

## UTILITY DEVELOPMENT IN TERRITORY ADJACENT TO CHICAGO

*By CHARLES W. BRADLEY*
*Vice-President, Public Service Company of Northern Illinois*

THE development of central station gas and electric service in the territory adjacent to Chicago has been considerably more rapid, of course, than in other parts of the State of Illinois.

There are many reasons for this. The widening of the Chicago district, which, generally speaking, includes the area a few miles west from Lake Michigan between Wisconsin's state line and Indiana's, has been the underlying cause. The same is true in the growth of any district surrounding a great metropolitan center.

In its southern portions, especially, this development has been largely industrial. Great factory districts have grown up south and southwest—Chicago Heights, Blue Island and Harvey. Mainly because of the excellent transportation facilities, large units of the steel industry were perhaps the original industrial settlers in this region, their presence encouraging other and smaller industries to make use of the many facilities available there. West from Chicago, also, the vacant land has been taken up for industrial purposes. Gradually spreading in that direction, Chicago's manufacturing district might now be said to include such centers outside the city limits as Clearing, Cicero and Summit. A third significant manufacturing colony is centering around Waukegan, 38 miles north of Chicago.

It is thus apparent that the development of electric light, power and gas service in districts like these must exceed that in sparsely settled areas which are growing in resident and industrial population with less rapidity.

The six thousand square miles adjacent to and surrounding Chicago is served with gas and electricity by the Public Service Company of Northern Illinois. Inasmuch as both commodities are supplied, the figures on the growth of that company, its increase in customers and its progressive yearly improvement in plants and distributing equipment to anticipate demands for service being made upon it, may be taken as typical of the growth in this particular area.

The territory served by the Public Service Company has increased in population from approximately 590,000 in 1913 to 752,851 in 1923. In 1913 the Public Service Company of Northern Illinois was serving a total of 67,881 customers of which 53,341 were electric and 9,340 were gas. In 1923 this company served 252,981 customers of which 158,604 were electric and 87,197 were gas.

Although records for the full year are not yet available, the first eleven months of 1924 show that there are 15.2 per cent more users of electricity and 9.9 per cent more users of gas in this district surrounding Chicago than there were in 1923. This has brought about an increase in the kilowatt hours of light and power sold by the Public Service Company of Northern Illinois of 11.2 per cent over the corresponding period of last year, and an increase of 14.7 per cent in cubic feet of retail gas sold for the same period.

Indicating the tremendous growth and development of this area perhaps more sharply than anything else is the fact that 25 per cent of the gas users in the state outside of Chicago live in this area and are served by the Public Service Company of Northern Illinois. Proof of this statement may be readily seen when it is realized that whereas the Illinois Commerce Commission finds that for the entire state an average of 1 out of every 4.7 persons living in areas where gas is available is a purchaser of gas, in the area served by the Public Service Company of Northern Illinois 1 out of every 3.3 persons is a customer. This also excludes the City of Chicago for the purpose of obtaining figures typical of the state as a whole.

Not only is the saturation apparent in number of users, but also in use made of the gas utility. During the year 1923 this area used on an average 36,800 cubic feet of gas per customer. This is 6,100 cubic feet or 19 per cent in excess of the average found by the Illinois Commerce Commission for the entire state excluding Chicago.

The late Dr. Steinmetz called the Chicago district the "greatest pool of power in the world." By the term "Chicago district" he obviously included this well-concentrated district surrounding the city. It is an unquestionable fact that no one area in the world of the same size and general characteristics has more electrical energy available.

The growth of industries and the corresponding residential development of the area has thus been manifestly contingent upon the ever-increasing facilities offered by the Public Service Company of Northern Illinois and other central station companies. And step by step through the years that have seen this unfolding into reality of almost unbelievable progress this organization has consistently kept pace, efficiently and economically supplying two essentials of modern welfare—electricity and gas.

## SUPERPOWER DEVELOPMENT IN NORTHWESTERN INDIANA

*By E. FRANK GARDINER*
*Calumet Power Company*

THE first step in the development of a superpower zone of electrical energy in the northwestern section of Indiana has been taken during the past year.

A superpower electric transmission line has been built in the Hammond-Calumet Gary district which makes that great industrial section an integral part of the Chicago power zone. This new line which has been completed and which will be placed in operation as soon as a substation at Aetna is completed, soon after the first of the year, will carry 55,000 horsepower of electrical energy in the beginning, but has been built to carry an ultimate capacity of 150,000 horsepower.

This superpower line will serve the great industrial district of Hammond, East Chicago and Indiana Harbor, and extends to East Gary, a distance of sixteen miles from its starting point at the Indiana-Illinois state line near Munster, where it is connected with similar lines built by the Commonwealth Edison Company and the Public Service Company of Northern Illinois.

This line has been built by the Calumet Power Company of which Samuel Insull is President. The electrical distribution systems of the Northern Indiana Gas and Electric Company and the Calumet Gas and Electric Company will be connected with this new transmission line at the substation being built at Aetna, thus assuring cities and industries served by those companies of an adequate and dependable supply of electricity at all times.

### What Construction of New Line Means

The construction of this new line and its interconnection with existing distribution systems will make northern Indiana an important part of the superpower zone in and around Chicago, which was described by the late Charles P. Steinmetz, the electrical "wizard," as "the greatest pool of power of the world." Later it is proposed to extend this electric transmission line from Aetna to Michigan City, which will make the total length of the line forty miles.

The line has been built on a private right of way one hundred and fifty feet in width, running eastward from the Indiana-Illinois state line, through the southern part of Hammond and Gary to a point north of Hobart, where it turns northeast, ending at Aetna at the northwest corner of East Gary, where the substation is being built. The line is carried on steel towers the entire distance. These towers vary in height from ninety-five to one hundred fifteen feet and are erected on concrete foundations. The line extends for several miles through the marsh which lines both sides of the Little Calumet river.

This superpower line is connected directly with the Calumet generating station of the Commonwealth Edison Company near the state line in South Chicago. An additional power supply will be received from the Joliet station of the Public Service Company of Northern Illinois. The Calumet station has a capacity of 187,500 kilowatts or 250,000 horsepower.

This new superpower development will be backed by the great power resources of the Commonwealth Edison

Company and other generating stations in the greater Chicago district which are practically operated as a single unit in the generation of power. The power resources of the Chicago district total over 1,000,000 kilowatts or 1,350,000 horse-power, as all the generating stations in the Chicago district are interconnected in one great system. This is a power supply unequaled by any other interconnected group of generating stations or by any so-called superpower zone.

**Importance of Aetna Substation**

The substation at Aetna which will be owned and operated by the Calumet Gas and Electric Company, will be the center of the superpower distribution system of the northwestern corner of Indiana. Electrical energy received in this substation from the superpower line will be reduced in voltage and fed out over smaller transmission lines to the substations of the Calumet Gas and Electric Company and the Northern Indiana Gas and Electric Company, from which it will be distributed over the widespread distribution systems of those companies.

A 33,000 volt line of the Northern Indiana Gas and Electric Company will connect Hammond, East Chicago, Indiana Harbor and Whiting with the Aetna superpower substation. This line will also be connected with the East Chicago generating station of the Northern Indiana Gas and Electric Company.

Another 33,000 volt line will connect the Aetna substation with the lines of the Northern Indiana Gas and Electric Company and the Calumet Gas and Electric Company and the Public Service Company of Northern Illinois at the latter company's Blue Island generating station. Another 33,000 volt line will connect Michigan City with the Aetna substation, and a fourth one will connect the distribution systems of Chesterton and Goodrum and other communities with this substation.

A new 33,000 volt line is just being completed by the Calumet Gas and Electric Company which will give Valparaiso an additional source of supply from the Aetna superpower substation. Another 33,000 volt line will run from the substation to the new plant of the Gary Tube Company, which has contracted with the Calumet Gas and Electric Company for electrical energy for the operation of this new plant, which is a subsidiary of the United States Steel Corporation in Gary.

This makes a total of six high tension transmission lines radiating from the Aetna superpower substation. As these lines are built so that it will be possible to send electrical energy in either direction, the possibilities of interruption in service in any part of the territory served by the companies operating in the Calumet-Gary district will be reduced to a minimum.

**Planning for the Future**

All this work in northwestern Indiana constitutes but a first step in large scale superpower development in a section of the state that is expected to become, within the next thirty years, the center of the greatest industrial development in the middle west. This expectation is based upon the availability of sites for giant electric generating stations, coupled with the natural advantages of the territory. That section of Indiana from the Illinois to the Michigan state line bordering on Lake Michigan is the natural location of the big electric generating stations of the future. It has the abundance of water, so essential for condensing purposes in the operation of big generating stations, and nearness of the Indiana and Illinois coal fields, plus the geographic and transportation advantages that make for inevitable industrial growth.

## WHAT PUBLIC OWNERSHIP REALLY MEANS

*By EDWARD N. HURLEY**

"SO YOU are looking into State ownership? Do you know what it really means?" A French statesman whom I have known rather intimately for some years was talking. "It is something we in Europe know a good deal about."

I had been telling him of the theories, more or less current in some parts of the United States, that the country would benefit through the public ownership of the railways, the public utilities, such as the electric light, gas, telephone and telegraph services, and some of the public resources, as iron, petroleum, and coal. My friend is neither an engineer nor a financier. He is, first of all, a politician—although if I were mentioning his name I should call him a statesman. He has held many public offices through many years. He has traveled the world over, and he knows political conditions in Europe the way a Chicago leader knows his district. He is neither a conservative nor a radical—he is for whatever policy will get him into office and keep him there, although he is too clever a man to shift his policies overnight. All of which is to say that he is a politician with an eye keenly fixed on the main chance. His public opinions may or may not be what he believes—they are influenced by the political weather. But his private opinions I value very highly, for they are based on wide information and experience.

"If you study the theory of State ownership," he continued, "you will find it right, or at least not wrong. The Lord put the coal and the ore into the ground, and it does not seem quite right that a mere handful of citizens should own and profit from Nature's bounty. Neither does it seem right for other small groups of citizens to control transportation, communication, and other necessary services without which a nation is helpless. Of course, if you just carry this thought on a little, you will have Socialism, for food and clothing and shoes are even more necessary than our railroads.

**War Makes Them Do It**

"A few moments ago you were talking about the comparative efficiency of public and private operation. That is something which we over here do not bother much about. The State owns railways and other properties for exactly one reason. That reason is war. Before the Great War, there was not a country in Europe which would have bothered owning railways or anything else it did not have to own to carry on the business of government, were it not for war. Private individuals could not be expected to build railroads according to the plans of the various general staffs. The railroads were not expected to pay any more than the army or the navy were expected to pay. They were just a part of the war machine, and any social theory tacked on was just for public consumption.

"The State owning railways, and so on, for war is very different from the State owning them in the public service. War control is not political. It was not a very good kind of control, but the roads were kept in order and the trains had to be run somewhere near schedule. The trouble now in Europe is that these war railroads have slipped from military to political control.

"I have not the slightest doubt that an autocracy could manage its business affairs just as well as any private corporation. But the moment you get into democracy and the people with State jobs have votes, then they are going to vote, not as citizens but as job holders, and the State will be run for the benefit of those who draw pay from it. That is the one big thing we have learned over here since the war. We would vote for higher wages and less work—that is, for more food for the family and more time to spend with them. We would vote for the security of our jobs."

"Well, isn't that just what private owners do?" I asked. "I do not know much about the practice over here, but in the United States the railroads and the public utilities are on the defensive most of the time to see that bills are not

*In Colliers.

passed which would, in effect, take away their power to run their own property."

### Money Talks in Europe Too

"Yes," he answered, "private interests have been very powerful in European legislation—much more powerful than ever they have been in the United States. Our newspapers have never had much to say about that, for many newspapers on the Continent are retained as though they were lawyers. There are limits beyond which a private corporation cannot go without causing an uprising, but when the public employees hold the balance of power they are free to do as they like until checked by the national bankruptcy. I figure that an office-holder represents three votes—his own and two which he can influence. If you get right down at the bottom of political affairs in Europe today, you will find that the deciding factors are vote and the influence of State employees. We all talk grandly about big matters of public policy and the men on the public payroll do not much care what we say, but the moment a prime minister says that he is going to lay violent hands upon the sacred payroll—then off goes his head.

"The Poincaré government was entirely acceptable to the French people, but as the election came on, Poincaré made the unfortunate error of saying that he was going to reduce the expenses of government—which means cutting wages and jobs. And so Herriot, a Socialist, was elected, not because France has any Socialistic leanings, but because the Socialists always promise more jobs, higher wages and full support for everyone. Suppose in the United States the government took over all the railways and what you call public utilities, about how many people, including the present employees, would that put on the public payroll? Have you ever figured that out?"

"Yes," I answered, "taking all the steam and electric railroads, the electric light and gas systems, and the whole range of public utilities, together with the present government and state employees, we should have a payroll of roughly seven million. That is my estimate—no one knows the exact figures."

"That would mean then, counting each public employee as worth three votes, a bloc of twenty-one million voters, wouldn't it? What would that do to your politics?"

"There wouldn't be any more politics," I answered.

I spent a part of last summer looking into public ownership abroad, not as a sociologist, nor as an economist, nor as a statistician, but merely as a human being trying to find out what we might reasonably expect from public ownership in the United States. We run to foreign fashions. I notice in the newspapers that the clothing and hat people are offering to model the youth of the country after the Prince of Wales. We take our foreign fashions neat, with perhaps just a little water on the side. And it is quite the same with foreign political fashions. Public ownership is a foreign fashion. We have not accepted it and we are not likely to accept it, but at the same time nearly all of us, without knowing much about the subject, do have the notion somewhere in the back of our heads that the public services ought to be owned by the public, just as the post office is owned. Of course these services are really owned by the public, for the stocks of all the older corporations are now widely distributed.

I am not without knowledge of railways and public utilities. I used to be a locomotive engineer and am still a member of the Brotherhood; I am a director of a railway and of several public utility corporations, while my private business has to do with manufacturing and selling appliances which can be used only by consumers of electricity. If every home in the United States had cheap electrical power my business would be increased many times over. My personal interest, as well as my public interest, is on the side of cheap electricity and cheap transportation. If the stocks and bonds I own in railways and public utilities were bought from me by the Government at a fair price—and this is the procedure contemplated in nearly all the public-ownership schemes—and then the Government would take these properties, make the distribution of low-priced electricity universal, and lower the freight and passenger rates, I should come out a large winner.

### 22 Employes to a German Mile

I wanted to find out all about public ownership in a plain, practical way—to get on the ground and see for myself just what was going on. Here are some of the things I found—reduced to their elements.

First, take our own railways as a basis of comparison. The public is not satisfied with our railway conditions—far from it. Neither are the railway stockholders nor executives; neither are the employees. But at least our railroads are now paying their own way. We have now about six and a half employees per mile of road, and their average compensation is slightly more than sixteen hundred dollars a year. Remember those facts for comparison.

Take the German railroads—which are now entirely a State affair. Under the Kaiser the roads were generally held to be overstaffed, but this was because of the war arrangements. They then had three-quarters of a million employees. Now they have about a million—which is a reduction of more than one hundred thousand from the high point since Germany became a republic. And this in spite of the fact that the freight mileage has fallen by about one-third and the passenger mileage almost by a half. The passenger tariffs have been considerably increased, while the freight tariffs are several hundred per cent up. Nevertheless the expenditures have been as high as triple the receipts. The employees average twenty-two to the mile—which is out of all reason. And not one of them gets a living wage.

The case of Germany is perhaps extraordinary, because of the depreciation of the currency, but one of the several reasons for the rapid depreciation of the currency has been the railways. The railway men are a political unit and every chancellor has simply had to grant their demands or else go out of office. The only way to meet the wage demands was by the printing of money. Every chancellor who even suggested economy was howled out of office, and when Walter Rathenau proposed a businesslike program he was assassinated. The service of the German railways is bad beyond belief. The country has been almost without anything that might be called communication—at least as we know it. And yet these railway men have blindly followed agitators in refusing to consent to any plan which would put the railways on a basis of serving the country and which would, through this service, enable the payment of better wages.

### Austria Even Worse

The workmen raised their wages at one time to above the actual gross receipts, but all they got in the end was paper money that had no purchasing power. One of the big things that the Dawes plan will do for Germany is to take the railways out of political control and put them under a corporation which can manage them as railways and not as political assets.

The case in Austria is even worse. The Austrian railways, under the Empire, were largely owned by the State. After the war, when the Austro-Hungarian Empire was split up and Austria became a little state about the size of Maine, one of the first acts of the new Socialistic governmnet that came into power after the revolution was to put nearly everybody on the public payroll. The less than four thousand miles of railway immediately became a big political asset; the eight-hour day formed the excuse for putting on new emloyes and was rigidly employed. Under the new order a gate required three men keeping eight-hour watches—although often no trains at all were scheduled to pass during the time of one of the shifts.

The number of employes increased two and a half times until they reached a high of twenty-six per mile. As in Germany, it was good politics to keep the railroad wages high and the passenger fares low. Not a single stretch of track—no matter how little its use—could be abandoned, because that meant discharging voters. The railway men formed a bloc which did exactly what it pleased and no economy project could get anywhere, because this bloc held the balance of power, and for four and a half years it stood in

the path of a reform, refusing to see that Austria was going to the dogs. Wage increases have ranged from ten to one hundred per cent, but the wages are not yet living wages.

The situation in Italy was even worse than in Austria.

The bulk of the Italian railways have been taken over by the State some years before the war and in 1913-14 these roads are credited with earning twenty million dollars—largely a matter of bookkeeping. After the war Italy plunged into a Socialistic program and by the familiar device of the eight-hour day the number of employees was shoved up by a third until they reached twenty to the mile. Their wages absorbed seventy-five per cent of the total revenues, while the operating deficit went above two hundred millions. The employees in Italy (and much the same thing happened in the other countries) immediately upon gaining political control of their own futures, abolished all premiums for efficiency and added them to the flat rate of wages. For a time they ran the trains when, as, and where they pleased. They dictated absolutely who should ride on them. Passengers who gave any sign of belonging to other than the working classes were thrown off the trains and sometimes badly beaten. This state of things kept up until the Fascisti came into being. Now about sixty thousand useless employees have been removed but the roads still operate at a heavy deficit.

Part of the French lines are privately owned and part are State owned, but the French railway employees have never advocated State control.

**English Are Through With M. O.**

The English people had enough of government ownership during the war. The railway unions want nationalization but public sentiment is against them; the unions have tried the strike and they have failed. Now the English railways are being merged into four great groups on somewhat the same plan as we are discussing here in the United States. Railway labor under State control made itself exceedingly unpopular to the mass of British workmen, for at one time an ordinary station porter—a man handling luggage for a tip—received in wages, exclusive of his tips, more than a skilled mechanic in private employment.

I found everywhere the same story of politics and railroad affairs so hopelessly mixed that not even the eye of an eagle could detect where the politics stopped and the railroad began. Czecho-Slovakia has twenty-nine men to the mile. Economical little Switzerland has increased its rates eighty-four per cent since before the war, but its wage bill is still more than seventy per cent of its revenues and it has as high as twenty-two men to a mile. Rumania, although paying starvation wages, is losing heavily on its railways. As far as I could discover, no country in Europe is making its State-owned railways pay. Those which show profit figures did so by neglecting their accounts for depreciation or else received essential supplies at below cost through other State agencies. For instance, the Bulgarian railways show a profit by not allowing anything for depreciation, by paying starvation wages, and by receiving coal from State mines at far below the cost of production.

That is not the whole story. Perhaps people would be willing to pay part of the railway fares and freights in taxes, provided they could get good service. But what I learned of State management abroad shows that the people do not get service and the employees, as a rule, do not get decent wages.

The reason is plain. Politics is politics. The railroads and the public utilities are branches of business. Politics and business do not mix. The responsibility of the worker is not to his job but to his political superior; he becomes one of a herd of voters and it is how he votes, not how he works, that matters. That is bad for the worker; it is bad for the public. That is what the plain, ordinary people of Europe seem to have found out. Even the government workers themselves are beginning to find that political employment means political slavery.

## AN ANALYSIS OF BUSINESS MANAGEMENT

*By L. B. BREEDLOVE,*
*Consulting Engineer, Chicago Trust Co.*

THE real security back of any property or loan is the intangible factor of management. Business is not one great, all-including organization, but is, literally, a multitude of separate and independent units. These are controlled by the judgment of its management and conducted for the purpose of rendering a service to society, and realizing the compensation for the effort expended and the capital used.

The tendency today is to finance business on a long-time basis and in cases of first mortgage loans with a large margin for safety, the quality of management is not of as great a relative importance as when refinancing is contemplated for a period of years, in which the conditions of any business may change greatly. Management must compensate for change in conditions, by adjusting the equipment or policies of the business in order that profits may not disappear. In the past, too much reliance has been placed upon the balance sheet and profit and loss accounts in determining the merits of an investment.

While the recorded progresses of the past are in a measure a guide to the future, they have only relative value in that respect and unless the management is competent to cope with change in conditions as they may arise, such statments are not conclusive by any means. The management of any business consists of three general functions—merchandising, operating and financial. In the merchandising function proper policies and methods must be used and these must be judged largely from an examination of the policies and methods used by other successful companies in similar lines. In the operating function the profit and distributing method must be able to cope with competition and the plant equipment with its personnel must be able to operate efficiently in face of strong competition. The financial function covers responsibility for the economical use of capital and material in the transactions of business. On management rests the responsibility of the conduct of the business and the use of the capital invested in it, so that it will best protect the investor, stockholder, and yield the most favorable return, and this responsibility is all-inclusive. It covers the merchandising, the operating, and the financial affairs of the business.

**Periods in Business Undertakings**

There are three more or less distinct periods in the history of any business undertaking, either competitive as industrials, or non-competitive as public utilities.

The first of these is the promotional period during which the project is conceived, permits are obtained, the financial framework is erected and the new company takes on physical embodiment. The second period is termed the maturation period, or the period in which maturity is reached. During this period weaknesses in the technical or financial plans are revealed and steps are taken to overcome them. Sales must be built up and a well coordinate operating force must be collected and developed. Solidification in every phase of the organization should and must take place. During this period the principal portion of going concern value is created.

The third and most significant period is that which begins with the attainment of relative maturity. Progress and larger developments are possible and highly desirable, but the conception of new ideas and radical departures from established practices is relatively less important than the day-to-day management of the affairs of the business. This is the period of stabilized operation and management in which most utilities and many industrials may be classified.

Each period of development requires a management of different characteristics. In the earlier periods, individuals, who partly by means of personally controlled credit or capital, assumed the risks incident to the establishment of a business, were usually actively engaged in the management of the enterprise. As advancement is made towards the final period, the control becomes more complex, and man-

agement must be assumed by individuals who have specialized in purely managerial problems in order that the best results may be obtained. Management has come to be recognized more and more as a distant factor in the industry, and will continue to be of increasing importance as industry becomes more complex and especially so if the control of industry becomes more collectivistic, which the development of the last few years indicates clearly. In any event, management will become more of a distinctly recognized profession, requiring special aptitudes and training. Managers are coming to be less and less masters of any particular phase of the industry, and while experience in any department may or may not add to their ability, the possession of managerial qualities is intrinsic, and is not necessarily improved by higher education.

### Management Mechanistic and Personal

Management is partly mechanistic, conforming to natural and psychological laws and only in part personal. In as far as management is a science, measurement can and should be used to the great advantage shown in every other science. Usually the balance sheet and income statements are spoken of as a measure of the management. Profits are merely an indication of good management and not in any sense the qualitative measure of it. Income statements and balance sheets are expressions of basic business relationship. It is not the stated sums in themselves which are significant, but the relationships they express. The study of the many financial and statistical relationships constitutes the significant part of the analysis. Profits depend largely on conditions beyond the control of good management as well as on those within the control of the management. The quality of the management of an industry is reflected more truly in times of business depression and in utilities during periods of rapidly rising and unstable high commodity price levels.

The increasing scale of production, the intensity of commercial development and the growing demand for capital, combine to make management almost a separate function. There is increasing need for a trustworthy evaluation of this important separate function. Management must be and is being daily weighed in some manner—if not by measurement or judgment, then by personal opinion. The value of personal opinion depends directly upon the judgment, training, and experience of the party giving the opinion, and it requires long training to be able to render an opinion based on anything but superficial facts. There is a great difference between judgment and measurement. To judge is to arrive at a conclusion by comparison and weighing, and in measurment to compare with a standard. The establishment of a proper standard is impossible, due to the difference in local conditions, type industry, demand for property, and many other features.

### Measure of Efficiency Is Comparative

The measurement of the quality and efficiency of the management of any business organization can only be approached on a basis of comparison of many financial, operating, physical and marketing ratios. The conditions surrounding the industry cannot remain fixed and are simply the expression of industry adjusting itself to the demand and wants of the people for goods and service, consequently these relationships cannot remain unchanged. Competent and capable management should make progress as time goes on in all the various phases of production, distribution and marketing of its products.

Competitive conditions tend towards standards in these relationships which will yield the average concern a fair return on its investment over a period of time. These standards are established in every detail of operations and affairs, and which must be met in the aggregate if average net return is to be maintained. The effect of disturbed business conditions first affect a small number of these relationships with a graduated increase in number according to the intensity of the disturbance in business conditions and for a time improvement in other relationships will care for the loss in other relationships as a competitive price for the service or

product becomes lower, the marginal producers are forced out, and the number of relationships affected as selling price slides is a fair indication of the position of a particular company in light of its competitors.

One of the vital questions to know in financing is the marginal position of the company in question as compared with its competitors. Each company is subject to many features of widely varying characteristics and deductions drawn by writers on comparison of companies or groups of companies are open to strong criticism if given as a standard or evaluation of the quality of management. This is more true in utilities than in the case of industrial groups, due to the competitive features.

These relationships may be grouped into several separate classifications, each having several items, and a study of these over a period of a few years constitutes the only reliable measure of management. Very little has been done in the proper study of the financial, physical, economic, and operating relationships as the test of the quality of management.

## CUSTOMER OWNERSHIP MAKES STEADY PROGRESS IN 1924

*By WILLIAM H. HODGE,*
*Byllesby Engineering and Management Corporation*

CUSTOMER Ownership during 1924 made the greatest progress achieved in any year since its was inaugurated in 1914. At the close of the first decade of this innovation it is estimated that there are not less than 2,500,000 shareholders in utility companies of all kinds and descriptions in the United States. While it is too early for tabulation of actual results for 1924 the trend is shown by preliminary reports of the Byllesby companies. These companies, which are all subsidiaries of Standard Gas and Electric Company, will exceed the record distribution of stock for the preceding year by approximately 40 per cent.

It is safe to say that the electric light and power organizations doing upwards of 75 per cent of the total electric energy business of the United States are now firmly committed to the policy of customer ownership. This statement necessarily includes many gas companies operated in combination with electric properties. The gas companies operated independently are rapidly putting customer ownership into practice. With the general improvement in the situation of the traction lines these corporations are also beginning to interest their patrons as shareholders. Several transit lines have already successfully distributed their preferred stock in this manner.

The beneficial results of customer ownership, both from the standpoint of better public relations and equity financing, have been so pronounced that the public utility executives are endeavoring to define the plan in order that its operation may be closely restricted well within the zone of conservatism. The conviction exists that the distinguishing features which make customer ownership in the utilities a success should be preserved and nothing left undone to keep this term a standard for dependable and satisfactory investment.

It has been pointed out, for instance, that customer ownership is a term which was originated by the service companies, and that it applies to these industries in a sense not possible to other industries. The utilities are necessarily public in character, and their activities tied in with the general public interest and welfare. They are invested with the public interest far broader than that pertaining to a manufacturing and mercantile establishment, and this public interest may well take the form of joint individual ownership as well as service.

They must necessarily own large quantities of tangible property, which is part and parcel of the communities served.

Under careful and experienced management, with their affairs regulated by states and cities and all facts pertaining to their business a matter of public record, the utilities possess elements of stability not usually found in other industrial enterprises. Their history shows that over a considerable period of years they can be depended upon to earn reasonable returns. In view of these circumstances the utilities are in position to provide a safe and stable investment in the form of their stock, which can be offered to wage earners and citizens of moderate means in the communities served.

Among the points which differentiate customer ownership from the sale of investment or speculative securities in general are the following:

The securities are sold direct by the utility companies to their customers or through distributing concerns controlled by the company and organized for the purpose. Utility managers have been careful to see that the securities offered are fully protected by properties and earnings. Practically all of the companies have provided a minimum rate of dividends which will be continuous as far as can be foreseen. In order that shareholders who wish to sell their utility stock for some reason or other may do so conveniently, most companies have arranged to maintain a re-sale market. Shareholders are not guaranteed with respect to such a market, but many companies have agreed to endeavor to re-sell such stock at the current market price less the nominal expense for handling.

The partial payment plan is operated in customer ownership not for the purpose of raising capital but in order to carry out the democratic idea of the plan itself, by giving any person who can save money regularly a chance to secure a dividend-paying financial interest in the company.

Practically all of the utility companies are devoting much attention to keeping their shareholders informed as to their affairs, plans, earnings, etc., towards developing the feeling on the part of the shareholders that they are really part owners of the company and interested in its success as patrons and not solely as investors. Some of the companies go beyond these educational efforts and endeavor to protect their shareholders against loss in speculative and fraudulent offerings—in other words, provide quite a complete investment service and respond to requests for advice on all subjects relating to the handling of funds.

The fact that it is the number of shareholders rather than the amount of money raised which is the chief goal of customer ownership is kept constantly before the executives and employes. The accumulation of large amounts of stock by individuals is discouraged, and in various ways premiums are set on the acquirement of a constantly increasing number of new shareholders. A great deal of care is used in the education of employes so that no representations are made to prospective shareholders not strictly in accordance with all of the facts. It is felt that only the securities *well* sold are worth while distributing in customer ownership efforts.

No illusions are held by the utility managers that customer ownership can in any way permit them to relax their efforts toward rendering better service at the lowest reasonable rates. They understand fully that the larger becomes the shareholding body the more widespread become their obligations and duties. These increased responsibilities are accepted gladly, however, because the creation of a body of home shareholders has made their relations with the public and the public's representatives exceedingly more pleasant and satisfactory than was the case some years ago when the service companies labored under suspicion and hostility which has largely disappeared.

## RETURN PER KILOWATT AND INCREASING COST

*By E. W. LLOYD*
*General Contract Agent Commonwealth Edison Company*

MANAGERS of electric central station properties have realized for some time that in order to meet the increasing costs of power house and line construction it is necessary, for each kilowatt of capacity installed, to earn more return. This means a higher load factor for these utility companies, as against previous practice. In order to secure this result, several things have been done—such as interconnection of lines in areas forming a common pool, where even companies under different financial management are tied together through this means, in order to improve the general load factor of these companies, taking full advantage of the diversity of business in the larger area.

This procedure naturally accomplishes a part of the result, in reducing the cost of the system capacity, as, where several systems are tied together, each having power houses of their own, the percentage of reserve capacity is considerably reduced, which decreases the total cost of capacity, as compared with the simultaneous demands of the customers.

Within each system, however, there is still a great deal being done, and more to be done, toward improving the load factor of the system, by not only securing business of long-hour use, but by encouraging manufacturers to operate their plants in such a manner as to purchase energy at times removed from the central station company's general peak period.

In some localities, such as Detroit, where they operate on eastern standard time, the diversity factor, due to the all-year-round daylight saving effected by Detroit adopting eastern time, has resulted in the improvement in load factor.

In other systems, manufacturing plants have started their factories at 7:30 in the morning, instead of 8:00 o'clock, with a corresponding improvement in the load factor of the central station system.

The sales departments of electric utilities have a large contract on their hands to accomplish the results desired, but there is no question but what very considerable improvement can be made by an aggressive effort, and by first making a study of the industrial conditions of the community, to determine just what could be done to assist in this direction. In some localities, industries have established themselves which have very high load factors, some as high as ninety per cent. Following is a list of a few of these manufacturing processes: Reducing copper ore; the manufacture of electro-chemicals, such as caustic soda, chlorine and nitrates; manufacturing carborundum, graphite, oxygen, calcium chloride, etc. In other localities the use of electricity in baking processes, such as automobile body enameling, has brought a very high load-factor business to the companies in those districts. In other places, the interconnection of the central station system with that of the steel industry, which has blast furnaces producing by-product gas, as well as coke ovens, is a very important means of improving load factor in such a district.

There are many classes of business which are outstanding, and which make it possible, when secured, to very considerably increase the KWH sold per annum per KW of capacity; in other words, the load factor of the system. Some of these outstanding classes of industry are hotels, city water pumping, flour mills, soap manufacture, packing houses, ice manufacture, electric furnaces, brick, stone and gravel quarries operating in the summer time, electric vehicle charging, drainage pumping, coke and industrial baking ovens, automobile manufacture, furnishing electricity to urban and interurban railway systems. Also, it should be borne in mind that the electrification of railway terminals is a very important factor. Some of this is already being done in the larger communities.

While the individual load factor of such system is low, the general diversity is fair, and has tendency to improve the load factor of the system.

Cognizance should be taken of the fact that diversity of use is a very important point in connection with the securing of any class of business, as it happens that a business using electricity at times other than the system's peak period is just as important even if it operates only an hour or two a day, as a business using electricity long hours a day, as the general effect is the same.

In addition to these very large developments, we have a very wonderful opportunity for improvement of load factor of the central station system through the encouragement of the use of domestic refrigeration machines, a few of which have been developed to a point where they are functioning very satisfactorily. In addition to this, electric cooking in large bakeries, hotels and clubs is being accomplished at satisfactory cost, and with more than good results in many instances.

If a central station which has a poor load factor is faced with the higher costs of installation of equipment, its opportunity to improve its condition is in most localities very good. It does not take much figuring to see the possibilities of the situation, for instance, in a case such as the following: If the central station company has a forty per cent annual load factor and some years ago were building power stations at a cost of $80.00 per KW of capacity, and are now faced with the cost of $120.00 per KW of capacity, improving their load factor from 40 per cent to 60 per cent, would mean that they would be selling 50 per cent more KWH per annum than they had been selling. Under conditions such as cited above, an organization, improving the load factor of the system, need have no fear regarding the outcome, nor of the sound financial status of their company.

## THE UTILITY SITUATION IN NEBRASKA

*By HORACE M. DAVIS,*
*Lincoln, Neb.*

AS 1924 comes to a close it finds the public utilities of Nebraska enjoying the greatest gross incomes of their history and operating under conditions which are favorable to dividend payments and comfortable reserve balances.

One large gas plant has been purchased by the electric company operating in the same city and is being improved and modernized at considerable expense; in another city the same company is adding extensive betterments to its gas plant. In fact, gas consumption is growing and the companies have promptly met the demand of the public for increased service.

The tendency has been toward better rates for telephone service, particularly on the part of the smaller independent companies, who are learning through better accounting systems that their properties cannot grow if their incomes barely cover operating expenses.

The electric railways are struggling to maintain a level income against the growing competition of automobiles driven by their owners. There is no harmful jitney competition worth mentioning and passenger buses doing interurban business have lately been brought under the regulation of the State Railway Commission.

Within the year more than thirty small municipally owned electric generating stations have been closed to purchase energy from transmission lines. These changes have largely come about through the voting of bonds to erect the lines that are run to the central stations of the large companies on the theory that lines can be constructed for less money than would be necessary to equip the old plants with new machinery and that the current can be purchased at wholesale for less than it could be generated in a plant of small capacity.

There is a widespread urge from the rural communities for electric lights and power. Under a recently enacted statute one community organized a rural electric district and voted $60,000 bonds to construct a distributing system which secured current from an established central station. Other districts were in process of organization when a supreme court decision forbade further developments of rural electric districts.

In harmony with the nation-wide program for a careful study of electric service on the farms the Agricultural College of the State University is making a careful survey of present electric uses for agricultural purposes and is advising with farmers about economic developments. This program is being carried on with the cordial and substantial co-operation of the electric industry in Nebraska.

There have been some notable consolidations of companies and properties in the state during 1924 with the result that high tension transmission lines have effected the linking up of some of the larger central stations and have thereby eliminated the necessity for larger investments in auxiliary equipment. There has been, however, something over $3,000,000 added investment within the year in new electric generating facilities and the first 66,000 volt line is now under construction.

There are few, if any, water-power sites in the state not now operating that can be economically developed under

present engineering methods, although it is clearly the purpose of the industry to make careful investigation of all potential hydro-electric possibilities. The passing year has been unfavorable for water-power plants owing to uncertain stream flows.

Appropriately, chief attention has been given to the agricultural potentialities and accomplishments of the state and brief reference has been made to manufacturing and to retail business.

Under the head of "Public Utilities" telegraph and telephone lines are mentioned; the mileage of railroads in Nebraska is given; there is a paragraph on highways and another on public schools. There is lacking any reference to electric plants and lines and no mention is made of the gas industry in the state.

A recent and carefully prepared survey of the electric industry shows that there are in Nebraska 530 cities and villages, 509 of which have electric plants or are served by electric transmission lines. It is doubtful if any state can show a larger percentage of incorporated villages enjoying electric service.

With a total population of 1,295,502 in 1920, 716,000 are within reach of electric service and there were in 1923, 193,500 electric meters used by light and power customers, served by 262 generating plants. Of these 137 are municipally owned and furnish 13 per cent of the current used in the state, while the 125 private steam hydro plants furnish 87 per cent of the electric energy. The relative investment in public and private plants is approximately ten and forty millions, or a total investment in the electric generating and distributing industry of around $50,000,000.

There are about 2,350 miles of electric transmission lines within the state not to mention something over 300 miles of rural distributing lines, serving more than 1600 farm homes.

The 18 manufactured gas plants of the state have a valuation of more than ten millions of dollars and serve a population of about 350,000. About 17,000 people are employed by the electric, gas and street railway companies in Nebraska.

## PROSPERITY BUT NOT INFLATION

*By A. W. LOASBY*
*Equitable Trust Co., New York*

The coming year should be one of prosperity. The danger of foreign competition, which is talked about so much, will probably not injure our business during the year, but its underlying threat will have a beneficial effect in preventing any tendencies toward inflation. Another similar factor is the possibility of an ultimate decline in the volume of building construction. I look accordingly for prosperity without inflation.

Railway traffic in 1925 should exceed in volume the traffic carried in any preceding year of our history. This factor, if accompanied by decreasing operating costs due to improving efficiency, should result in a high level of railway profits. If so, this rehabilitation of railroad finances should lead to profound effects throughout our economic organization. Moreover, the prosperity of the agricultural classes, due to harvesting of total crops estimated in value of over twelve billions, will evidence itself in expenditures during the early months of 1925 with its attendant effect upon general business.

The European situation is improving. For the first time since the war, Germany can see hope ahead, and in connection with estimates of the working out of the Dawes Plan, it is well to think of the Austrian and Hungarian financing where in each case the foundation for an eventual economic recovery was laid. Mathematical computations dealing with plans for stabilizing conditions too often overlook the effect on the national income of the recovery of the nation's morale, which is likely to be as important a factor as any.

However, the statement that European conditions are good on the whole and will become better, does not imply that the rate of improvement will be always uniform. Here and there post-war readjustments will continue to cause local disturbances; but I believe that the corner has been turned and that what lies ahead in Europe is progress.

## EFFECT OF AUTOS ON STREET CAR TRAFFIC

TO what extent has the use of the motor bus, and the privately owned automobile affected street car transportation?

The impression has prevailed generally, and perhaps erroneously, with the public, and, to an extent, with owners of traction securities, that the privately owned automobile frequently used in the summer season, and the motor bus, used the year around, has materially cut into the revenues of electric railway concerns. An answer to the above question was in part given at the recent convention of the American Electric Railway Association at Atlantic City. By a series of charts there was revealed what may be surprising to many, that street car patrons instead of decreasing have increased. In one of the charts the upward sweep of the curve of automobile registration was truly impressive. Between the years 1912 and 1923, inclusive, automobile registrations in millions had increased from around 1,000,000 to 15,000,000. The curve in electric railway transportation, however, in the meanwhile had also, although to a lesser extent, increased, the increase in passengers between 1912 and the close of 1923 having run up from around 12 billion to more than 16 billion passengers. Between 1917 and 1922, however, the rate of increase slowed up.

It would be a mistake, however, a writer in *Acra* points out, to assume that the automobile is responsible for all of the slowing up in electric railway transportation. The rate of increase in 1923 is about the same as the rate between 1902 and 1917. In 1917, both the automobile and the electric railway industries broke all previous records, and, says this writer: "If the automobile was responsible for the slowing up in the rate of increase of electric railway traffic between 1917 and 1923, why did it not continue to have the same effect in 1923 when more automobiles were produced than ever before?"

### Factors Slowing Up Car Traffic

It is probably a fact that there were other factors operating to slow up the passenger traffic in those years. Among these factors was the fact that construction of new lines had been entirely stopped, in part because there were practically no places left to build a railway and in part because after 1917 post-war conditions and prices made new construction practically prohibitive and caused the abandonment of certain lines already constructed. It is perhaps equally true that the use of the automobile undoubtedly hastened the abandonment of some of these lines, but it is more than probable that most of them would have had to have been abandoned anyway because of economic conditions.

Quoting further from this author: "Another factor tending to slow up traffic increase was the fluctuation in business conditions. Passenger traffic reached the peak in 1920. It slumped badly in 1921, due to the heavy business depression and the large amount of unemployment in that year. Normal conditions were not restored until towards the end of 1922, so that the total traffic for that year was already below normal. At the moment there is some evidence that the output of automobiles is nearing its limit. It has been estimated that the total number of cars which the population of the United States is capable of absorbing at the present time is not more than 18,000,000, and that only the most intensive kind of salesmanship, and the most favorable business and credit conditions can make that figure possible. If that is actually the case, electric railways may assume that already they have experienced very nearly the maximum effect of private automobile competition, and can expect it to be a fixed and known quantity in the future. They can count upon getting their regular steady increase from population. As concerns the use of the motor bus, these vehicles today, instead of being actual competitors of electric railway lines, are becoming more and more cooperators, for a number of electric lines are using them as feeders.

### The Riding Habit Is Growing

While the charts shown at the convention also indicate that while the ratio of increase of new passengers has not kept up proportionately with the increase of privately owned

and used automobile passengers, the passengers who make use of street car transportation have used street cars more frequently in the past year or two than previously. One of these charts shows the increase in the riding habit since 1890. In the period between 1890 and 1923 the growth of population increased approximately 90 per cent, but the number of electric railway patrons increased over 500 per cent, and the riding habit, that is, the population divided into the number of rides, increased more than 250 per cent. The riding habit in 1923 was greater than in 1922; and it was greater in that year than in any previous year. The really significant thing is that the increase has been a continuous one, steadily maintained. There has been no retrogression at any time, and there is no indication that there is going to be any in the future. This record is an answer to the argument sometimes put forth by ill-informed people that street railway transportation has been rendered obsolete by the development of the automotive industry.

Another chart of particular interest shown at the convention was that of the relative increase in wages and revenues between the years 1890 and 1922. During that period wages increased some 39 per cent. Revenues, on the other hand, increased about 24 per cent. The operating ratio, which had dropped between 1890 and 1902, raised slightly in 1907. It dropped again in 1912. Between 1917 and 1922 there was a sharp rise in revenues, expenses and operating ratio. According to the chart, revenues in 1922 were slightly more than nine times as great as in 1890; wages were nearly sixteen times as much.

Two charts covering the period from January, 1920, to July, 1924, based on the reports of ninety typical companies operating in various sections of the United States, give detailed study of the trend of electric railway traffic in those years. The highest number of revenue passengers carried was reached in March, 1923, and April, 1924.

As concerns the average fares paid, the average fare of 6½ cents obtained in 1920 reached 7½ cents in midyear 1921, and has now settled around 7 cents.

According to R. P. Stevens, president of Republic Railway & Light Company of New York, because of competition of the motor bus, street railway securities have not been as popular with the investing public as have the securities of other utilities. Yet this apathy, he believes, is entirely unwarranted and is fast disappearing. During the past twelve months over $75,000,000 par value of street railway securities have been distributed among the investing public and these securities have been sold at prices to yield 5.35 to 7.75 per cent. "Surely," says Mr. Stevens, "this does not indicate a serious situation."

Indispensability of electric railways as the principal transportation facility for all local communities large enough to warrant it, and its investment of $5,600,000,000, will not be supplemented by any means of transportation now known.

## PLANS OF UTILITY COMPANIES IN EXPANSION

Output of American Water Works & Electric Co. for the 12 months ended October 31 was 1,126,337,000 kilowatt hours, again 1,063,661,000 for the corresponding period of 1923. These figures include the West Penn system and the Potomac Edison Co.

The largest mechanical stokers in the world are being installed at the new Kearney station of the Public Service Corp., near Newark, N. J. More than 200 tons of coals an hour will be burned on six of these stokers.

The Terre Haute Water Works Corp., American Water Works subsidiary, is embarking on a customer ownership campaign for the sale of $327,000 7% preferred. Including this amount, American Water Works subsidiaries will have obtained in the year 1924 to date through this method of financing $1,810,000.

The Suburban Water Co. has proposed to the Salt Lake City Commission government a project for the construction of a 900,000,000-gallon capacity dam reservoir at the mouth of Little Cottonwood canyon. The cost is estimated at $300,000.

Utah Power & Light Co. has filed with the Secretary of State amended articles of incorporation increasing its capital stock from $60,000,000 to $65,000,000. Increase in stock will be used to finance the company's extensive plans for power development in Utah and Idaho.

Citizens of Broadwater, Neb., have voted to sell the municipally-owned light plant to the Western Public Service Co., which will serve the town over a transmission line from Bridgeport. The company has cut rates 40% below the municipal charges.

### Dallas Power & Light Co.

Dallas Power & Light Co. recently increased its capital stock from $4,500,000 to $6,000,000 for improvements and extensions. One-half of the additional capital will be issued shortly, consisting of $250,000 preferred and $500,000 common stock. Texas Power & Light Co., owned by the same interests, has also increased its capital stock from $15,500,000 to $16,500,000, all of the new stock to be preferred.

Plans for $3,000,000 power plant at Slave Falls on Winnipeg River and $2,000,000 transmission line to Winnipeg have been completed by Winnipeg Hydro-Electric system and work will commence as soon as Norman Dam control problem is satisfactorily settled. It is understood that new proposals in connection with the latter are under consideration whereby the Canadian government will be given easement over whole works and control of water.

Kentucky Tennessee Power & Light Co. has applied to the Federal Power Commission for a preliminary permit for installations on Barren and Green Rivers, in Butler, Warrend and Edmundson Counties, Ky., proposing to install a power house at each of four existing navigation dams. The total capacity of the proposed installation is about 1,350 horsepower, which is intended for general sale.

Central power station capacity of the Texas Public Utilities Co. at Lubbock, Texas, will be enlarged by the installation of a 1,200 horsepower engine, and its transmission system extended to a number of towns of northwestern Texas, it is announced. The company has contracted with trustees of the new State Technological College at Lubbock to furnish that institution with power and light for a period of 20 years. The college buildings are now being erected.

### Texas Power & Light Expands

As soon as the 50 per cent enlargement of its electric power plant near Eastland, Texas, is finished, the Oil Belt Power Co. will furnish a large part of its increased power to the Texas Light & Power Co. The capacity of the plant will be brought up to 30,000 horsepower. The Oil Belt Co. recently constructed a 132,000-volt transmission line from the plant to Hillsboro, 117 miles, connecting with the power distributing system of the Texas Power & Light Co. at Hillsboro.

Public Service Commission of New York has approved the construction and operation by the Utica Gas & Electric Co., under a village franchise, of an electric distribution system in Clinton, N. Y. For some time that village has been operating a municipal electric distribution system, buying its electricity from the Utica Gas & Electric Co., but recently decided to abandon municipal operation, selling its distribution plant to the Utica company.

Kern River Water Storage District, California, plans a hydro-electric installation on the Kern River in Kern county, and has applied to the Federal Power Commission for a preliminary permit. The company intends to construct a dam about 140 feet high and 1,000 feet long, near Isabella, creating a storage reservoir with a capacity of about 390,000 acre feet and a power house below the dam. It is also proposed to construct a diversion dam about 1½ miles farther down stream with a pressure tunnel one mile long leading to another power house near the river. The power is intended for irrigation, pumping and general sale.

The city government of Logan, Utah, has applied to the Public Utilities Commission for an increase in its lighting rates, proposing to supplant its flat rate schedules with meter rating. The city also asks that the Utah Power & Light Co. be required to charge similar rates to patrons served by the competing systems. Logan owns one of the few remaining

municipally-owned plants in the state in competition with the Utah Power & Light Co., and for more than 20 years has supplied its citizens under a flat rate of 15 cents a month per 40-watt lamp. The rate charged by the power and light company in Logan is but 10 cents a month for 40-watt lamps.

**Prospers on Pacific Coast**

Discussing the California utilities act, Clyde L. Seavey, president of the California Railroad Commission, recently declared: "The act has brought about a regulated monopoly as against destructive competition. It has done this because its purpose not only is to regulate rates, but to protect the utility, and thereby help it give the public better service. This condition has so stabilized financial investment in the state that many people and much money have been attracted here. Growth of public utilities is best evidenced by the fact that in 1923 we allowed $144,000,000 in new utilities securities, while in 1924 we have allowed $243,000,000."

Consumers Power Co. has purchased power rights on the Rifle river, extending from two miles below Sterling, Arenac county, to near West Branch, Ogemaw county, and will construct four dams which will develop electric power to be transmitted over high voltage tower lines to cities of northern and central Michigan. Engineers estimate the energy developed will be about 12,000 horse power maximum and 3,000 at low water.

Work on the four hydro-electric stations being constructed by Wolverine Power Co. on the Tobacco and Tittabawassee rivers, not far from Rifle river, is progressing rapidly; it is planned to have them running next year. Power will be distributed by Consumers Power Co.

The dams make practically a continuous lake 35 miles in length and covering over 6,000 acres. Construction costs are estimated around $1,750,000. The four-hydro-electric stations will contribute about 50,000,000 kilowatt hours a year, with a possible 70,000,000 and minimum of not less than 40,000,000 kilowatt hours.

During the first six months of 1924, 6.7 per cent more electricity was generated in central stations of the country than in the corresponding period last year, according to the United States Geological Survey. The amount of electric light and power used is considered an accurate barometer of industrial conditions. The figures given in the report are 26,842,195,000 kilowatt hours in the first half of 1924, as compared with 25,179,676,000 kilowatt hours for the first six months of 1923.

With central station electricity continuing to show an increasing daily output, it is interesting to note that during September 5,883,901,000 cubic feet of natural gas were used in generating current, says the Pennsylvania Public Service Information Committee. The average daily production of central station electricity is estimated at more than 160,200,000 kilowatt hours, or an increase of 6 per cent over the corresponding season last year. The natural gas used was at the rate of 196,130,030 cubic feet a day. About one-third of the kilowatt hours mentioned were produced from water power, but consumption of fuels for this purpose is increasing.

**Plans of City of Seattle**

City of Seattle is seeking federal authority for an extensive hydro-electric development on the upper Skagit River and tributaries in Whatcom county, Washington. The city proposes to construct a gravity-section concrete dam about 400 feet high, 1,000 feet long at the crest and 50 feet long at the base, in the Skagit River about a mile below the mouth of Ruby Creek, creating a storage reservoir with area of 8,000 acres and capacity of 1,000,000-acre feet. The waters of Thunder Creek are to be diverted into the reservoir by means of a diversion dam 2½ miles above the mouth of the creek with a tunnel 3¼ miles long. A pressure tunnel 3¼ miles long will deliver the water to a power house to be located near the mouth of Stettatle, the waters from which will also be diverted through the power house by means of a diversion dam with a conduit 3¼ miles long. The power capacity of the proposed installation is about 300,000 horsepower, intended for public utility purposes.

## TAKING YOUR PERSONAL INVENTORY

*By M. G. WEAVER,*
*Assistant Advertising Manager Illinois Power & Light Corporation, Chicago*

NOW is a good time for all of us to sit down and list the mistakes and disappointments that come with the past year and analyze each one separately. When we ask ourselves the "why" of each error, in nine cases out of ten we find that the faults lie almost entirely at our own doorstep. If we had only known, or understood better, we would probably have less to regret and more for which to be thankful.

This also applies in the sales game. A salesman only sells in order to make a living, and a good salesman constantly endeavors to sell more in order to increase his income. But there are times when he fails to close a sale—times when the prospect slips out of his grasp, just when he is ready to "sign on the dotted line."

Why? When you ask yourself that question you will not find a ready answer until you have analyzed yourself and your sales effort during the past year.

Have you made a consistant sales effort? The steady, plodding salesman, like the tortoise of Esop Fable fame, gets there and almost always wins out, for he gains momentum as the sales roll in.

Have you been enthusiastic about your work? If not why not? Enthusiasm generates a pleasant feeling that puts your prospect's mind in tune with yours and helps to break down his buying resistance.

Have you been perfectly familiar with the product you were selling? Nothing is perhaps so important in successful sales as a knowledge of the product, sufficient to explain it to the prospects entire satisfaction.

Have you known the best way to present your arguments? Trying to sell without knowing how to present your sales arguments in a logical, orderly way is like trying to start your automobile without turning on the ignition. Eventually you will have to say the things that go to make a sale, but, in the meantime, you may wear out your prospect just as your automobile battery, and perhaps lose the sale.

Have you constantly been on the alert for new ideas that will help you to increase your sales? If you have, you are succeeding. If not, you had best find the sources of information and plug away for new ideas and suggestions that you can use to bring in more money to you.

Have you sold the "Company back of the product you were selling?" This is important for it lends that unmeasurable strength of conviction to your sales effort when you know, and can make the prospect believe, that the company stands back of everything you say.

Have you been "On the Job" from the start to the finish? If you have taken time off to do anything else but sell, you have lost golden opportunities that might just as well have brought extra money for you.

Have you confidence in yourself and in the product you are selling? Nothing succeeds like success, and success is built up on confidence. Your confidence in yourself and in the product you sell is in direct proportion to the sales you make.

Have you been a real salesman? A good salesman sells people who do not want to or are not yet ready to buy. People who want to buy can give their orders to anyone—to an order taker.

Have you taken advantage of every opportunity to sell the same prospect more than one article? The best prospect in the world for an ironer is a person who has just purchased a washer. Remember that the prospect at hand is worth two or three at home.

Have you been uncertain about your product, your ability, the time to make the greatest effort to sell, when to close your sales argument? If you have hesitated, you undoubtedly have lost sales because uncertainty kills time and breeds lack of confidence as well.

Have you been idle for a few moments every day? Idle moments never bring in the cash. They lose it, for time itself is worth money. A few idle minutes every day is the

equivalent of at least fifty hours lost every year—a whole week of sales effort. Think of it! How much better it would be to make every minute count and then take a real rest or vacation and get a new foothold on the business of selling.

Have you sold on a systematic plan? If your sales efforts have been haphazard, your sales have been unsuccessful. Have a daily program, arrange your prospects in a definite manner, make as many calls as you can—for your income depends upon how many sales you make.

Have you analyzed your job from A to Z? Thinking about the job one has to do often results in the generation of new ideas to help you sell.

Have you boosted your company in every possible way? If you have not, you have hurt your sales record for every person whom you meet is a potential prospect for some product your company has for sale.

Have you taken time outside of actual working hours to go over your work of the day, to analyze your weaknesses? If you have, you have benefited. One always benefits through experience and by the mistakes he makes.

And lastly, have you expected something for nothing? Have you been content to sit back and be satisfied with the daily sales you make? Remember that you cannot get something for nothing. You are paid only for what you actually sell. Then use your best efforts to increase your sales every day.

If you have asked yourself these questions, you probably found several points that may not have occurred to you before—points on which you can make improvement during the coming year. Make a note of them so that you can refer to them every day. Remember that your ultimate success is worth your constant daily efforts. Then you can say with Coue, "Day by day, in every way, my sales are growing better and better."

## POPULAR MISCONCEPTION OF INDUSTRIAL BANKING

*By E. H. LEITH,*
*Halsey, Stuart & Co., Chicago*

INVESTMENT banking is not a hopelessly complex subject that is of benefit to only a limited part of our population, nor is it devoid of human elements. Neither is investment banking applicable only to those who wish to borrow large amounts of capital.

It does not matter that statistics indicate that only one person in five is a bond buyer. Millions of others possess savings accounts, ranging in amounts from one dollar upward, contributing to a total of hundreds of millions of dollars. Additional millions of citizens provide for their families through the purchase of insurance, which results in an enormous reservoir of capital in the treasuries of insurance companies. The resources of both banks and insurance companies, then, must be safely and profitably invested to insure their proper administration, and the hundreds of millions of dollars in investments owned today by such institutions makes the savings bank customer and insurance policyholder just as dependent upon the elements of safety existing in investment banking field as if he had purchased those investments himself.

Two vast fields of service are the natural endowment of the investment banking profession. It provides an important part of the capital necessary to insure the continuance and growth of modern business and it is from this source, directly or indirectly, that all of us derive many of the necessities of our daily life. Again, the field of investment banking contributes directly to the welfare, advancement and happiness of modern society by creating an opportunity for the safe, profitable use of the surplus production of all human effort.

In earlier periods of history, the more simple social and business structure made possible a direct relationship between individuals who were lenders and borrowers. This condition still exists in many small and isolated communities, and to a limited extent in the large urban centers. In modern times, however, corporations have succeeded individuals in many fields of production and distribution and these great enterprises require large amounts of capital. But, individual acquaintance and relationship no longer are possible between borrowers and lenders in such large corporate enterprises on any kind of a basis which would make it possible to insure sound judgment.

The investment banker, therefore, is a necessary and vital connecting link. It becomes his particular business and moral responsibility, therefore, to safeguard the interests of investors. He is equipped by sound training, long experience and specialized facilities to investigate and make a thorough analysis of business enterprises that are deserving of additional capital. Thus, the investment banker is in position to safeguard the surplus capital of investors who otherwise might experience difficulty in securing safe and profitable employment for their funds.

There are many people who hold the erroneous impression that these matters are too involved for them to understand or that they cannot safely trust to their own judgment in making investments. It is true that most people cannot hope to attain the experience and judgment necessary to make independent investigations of corporate enterprises behind individual bond issues, and for the very good reason that it is a specialized profession requiring years of training and experience. Not even the great majority of successful business men, identified with large enterprises, find time or facilities for independent action on a dependable basis.

All investors, large or small, however, have one opportunity in common. It is no longer difficult to seek out an investment banking house whose broad experience, reliable judgment and conscientious service can be readily established. By taking one's investment problems to an investment banking house in this way, the individual investor will derive the benefit of experts of the highest type in engineering, management, accounting and law. All of these are utilized in selecting investments of dependable character.

In short, investment banking offers the individual investor some of our country's most capable personalities. It offers a volume of precedent and experience. At the foundation of all are high integrity and correct business standards. Investment banking cannot fail to be justified and helpful when utilized fully and intelligently by all who save money and seek sound investment.

## GAS AND ELECTRIC UTILITIES DRAWING TOGETHER

Most of the large power and light holding companies now include the securities of gas properties among their holdings. Gas companies today, as a whole, are providing a high type of service at a fair cost to the consumers, says the New York Post. On this basis they are firmly intrenched as permanent enterprises. And since there is no question about the essential service they render, the investor's problem rests mainly upon the selection of the securities of proper companies.

A generation ago gas companies were principally small local affairs and their securities were little known to investors in general. The holding gas company has of late years been highly instrumental both in stabilizing the investment values of gas companies' securities and in popularizing their securities. Intelligent and impartial regulation of public service companies under the commission system is also a comparatively recent development.

Many long steps to greater earning power to greater economies and to greater popularity are now being taken. If much is being done in the electrical industry, almost, if not fully as much, is being done to strengthen the position of the gas industry. The fact is these kindred industries are so closely related that generally electric and gas organizations are found operating under a common ownership direction.

When all the facts bearing on the growth, the vital services and the expansive outlook of the gas industry are taken into consideration, it follows without argument that gas company securities rank with the best of public utility issues in solidity and stable value.

### *Public Utility Stocks of Middle West*

The following range of quotations is furnished by Lester, Carter & Co., The Rookery. It shows the high for the year, the low and the latest:

| | High | Low | Latest |
|---|---|---|---|
| American Light & Traction, com | 148 | 115 | 137 |
| American Light & Traction, pfd | 96 | 91 | 95 |
| American Public Utilities, com | 105 | 35 | 85 |
| American Public Utilities, part. pfd | 77 | 50 | 72 |
| Aemrican Public Utilities, prior pfd | 95 | 73 | 91 |
| American Public Service, pfd | 92 | 85 | 91½ |
| Central Illinois Public Service, pfd | 88 | 84½ | 85 |
| Central Indiana Power, pfd | 93½ | 80 | 91¼ |
| Chicago City & Connecting Railways, com | 2⅜ | ⅛ | ⅜ |
| Chicago City & Connecting Railways, pfd | .. | 1¼ | 4 |
| Chicago Railways Company, Series No. 1 | 15 | 5 | 11 |
| Chicago Railways Company, Series No. 2 | 1 | ½ | ¾ |
| Chicago Railways Company, Series No. 3 | 1 | ⅛ | ½ |
| Chicago Railways Company, Series No. 4 | ¼ | ⅛ | ⅛ |
| Commonwealth Edison Corporation | 136½ | 126⅛ | 136 |
| Commonwealth Power Corporation, pfd | 84 | 72 | 82½ |
| Commonwealth Power Corporation, com | 126 | 39 | 124 |
| Consumers Power Company (Mich.), pfd | 93 | 85 | 92½ |
| Continental Gas & Electric | 100 | 49 | 86 |
| Continental Gas & Electric, part. pfd | 90 | 70 | 86 |
| Continental Gas & Electric, prior pfd | 93 | 69 | 90 |
| Eastern Texas Electric Co., com | 75 | 58 | 72 |
| Eastern Texas Electric Co., cum. pfd | 104 | 81 | 102 |
| Fort Worth Power & Light, pfd | 103 | 96 | 100 |
| Galveston Houston Electric Co., com | 43 | 12 | 40 |
| Galveston Houston Electric Co., pfd | 75 | 45 | 71 |
| Illinois Northern Util. Co., pfd | 87 | 83½ | 86 |
| Illinois Power & Light Co., pfd | 95 | 85 | 92 |
| Illinois Traction Co., com | 105 | 59 | 103 |
| Interstate Public Service Co., prior lien pfd | 100 | 88 | 95 |
| Iowa Railway & Light, pfd | 95 | 86 | 94 |
| Kansas Gas & Electric Co., pfd | 97 | 91 | 95 |
| Kentucky Utilities Co., pfd | 90 | 80 | 84 |
| Middle West Utilities Co., com | 85 | 43½ | 77½ |
| Middle West Utilities Co., pfd | 94⅜ | 83½ | 91½ |
| Middle West Utilities Co., prior pfd | 99⅞ | 94 | 97¼ |
| Milwaukee Electric Railway & Light Co., pfd | 88 | 78 | 84 |
| Mississippi River Power Co., com | 35 | 18 | 33 |
| Mississippi River Power Co., pfd | 90 | 80 | 88 |
| Nebraska Power Co., pfd | 99 | 89 | 96 |
| New Jersey Power & Light Co., pfd | 93 | 82 | 91 |
| Northern Ohio Electric Co., com | 16 | 5 | 8 |
| Northern Ohio Traction & Light Co., cum. pfd | 75 | 63 | 64 |
| Northern Ohio Electric Co., pfd | 34 | 16 | 27 |
| Northern Texas Electric Co., com | 84 | 58 | 67 |
| Northern Texas Electric Co., pfd | 82 | 67 | 72 |
| Ohio Public Service Co. 1st "A" cum., pfd | 100 | 86 | 94 |
| Pacific Gas & Electric, pfd | 93 | 85 | 92 |
| Pacific Gas & Electric, cum. pfd | 100 | 93 | 97 |
| Public Service Co., com. | 108½ | 99¾ | 108½ |
| Public Service Co., 6% pfd. | 94¾ | 90 | 94 |
| Public Service Co., 7% pfd.—$100 par | 108½ | 105 | 105½ |
| Public Service Co., 7% pfd—no par | 109 | 99 | 109 |
| Public Service Co. of Okla., prior lien pfd | 100 | 90 | 92 |
| Republic Railway & Light, com | 51 | 13 | 50 |
| Republic Railway & Light, pfd | 70 | 35 | 70 |
| Southwestern Power & Light Co., cum. pfd | 98 | 90 | 97 |
| Standard Gas & Electric Co., com | 41⅝ | 29¾ | 41 |
| Standard Gas & Electric Co., pfd | 51 | 46¾ | 50½ |
| Tennessee Electric Power Co., com. | 47 | 20 | 47 |
| Tennessee Electric Power Co., 1st 6% pfd | 81 | 71 | 81 |
| Tennessee Electric Power Co., 1st 7% pfd | 95 | 84 | 93 |
| Tennessee Electric Power Co., 2nd pfd. | 72 | 70 | 71 |
| Texas Power & Light Co., 7% pfd | 99 | 92 | 98 |
| Toledo Edison Co., 8% pfd | 112 | 101 | 110 |
| Tri-City Railway & Light, pfd | 86 | 80 | 82 |
| United Light & Power Co., "A" pfd | 85 | 75⅜ | 83½ |
| United Light & Power Co., "B" pfd | 47½ | 40 | 43 |
| United Light & Power Co., "A" com | 56 | 29 | 49 |
| United Light & Power Co., "B" com | 55 | 31 | 49 |
| United Light & Power Co., warrants | 21 | 1¾ | 14¾ |
| Utilities Power & Light Co | 26 | 25 | 26 |
| Utah Power & Light Co., pfd | 98½ | 91 | 95 |
| Utah Gas & Coke Co., 1st "A" pfd | 85 | 30 | 70 |
| Utah Gas & Coke Co., part. pfd | 80 | 50 | 70 |
| Western Power Corp., com. | 46 | 22 | 37 |
| Western Power Corp., cum. pfd. | 86 | 77½ | 84 |
| Wisconsin-Minnesota Light & Power Co., pfd | 95 | 83 | 93 |
| Wisconsin Power, Light & Heat Co., pfd | 100 | 83 | 90 |



## TESTS OF A POWER AND LIGHT BOND

THE following tabulation, which might be termed "Tests of a Power and Light Bond," should not be considered as an inclusive list, nor should a bond necessarily be considered unsound because in certain respects it does not measure up to these tests:

"1. Interest charges should be earned twice (before depreciation).

"2. Bonded debt should not exceed 80 per cent of property value.

"3. Bonded debt should not exceed five times gross earnings.

"4. Property should be adequately maintained with combined maintenance and depreciation at less than 12 per cent of gross.

"5. Company's right to operate should extend beyond the life of bonds or be indeterminate.

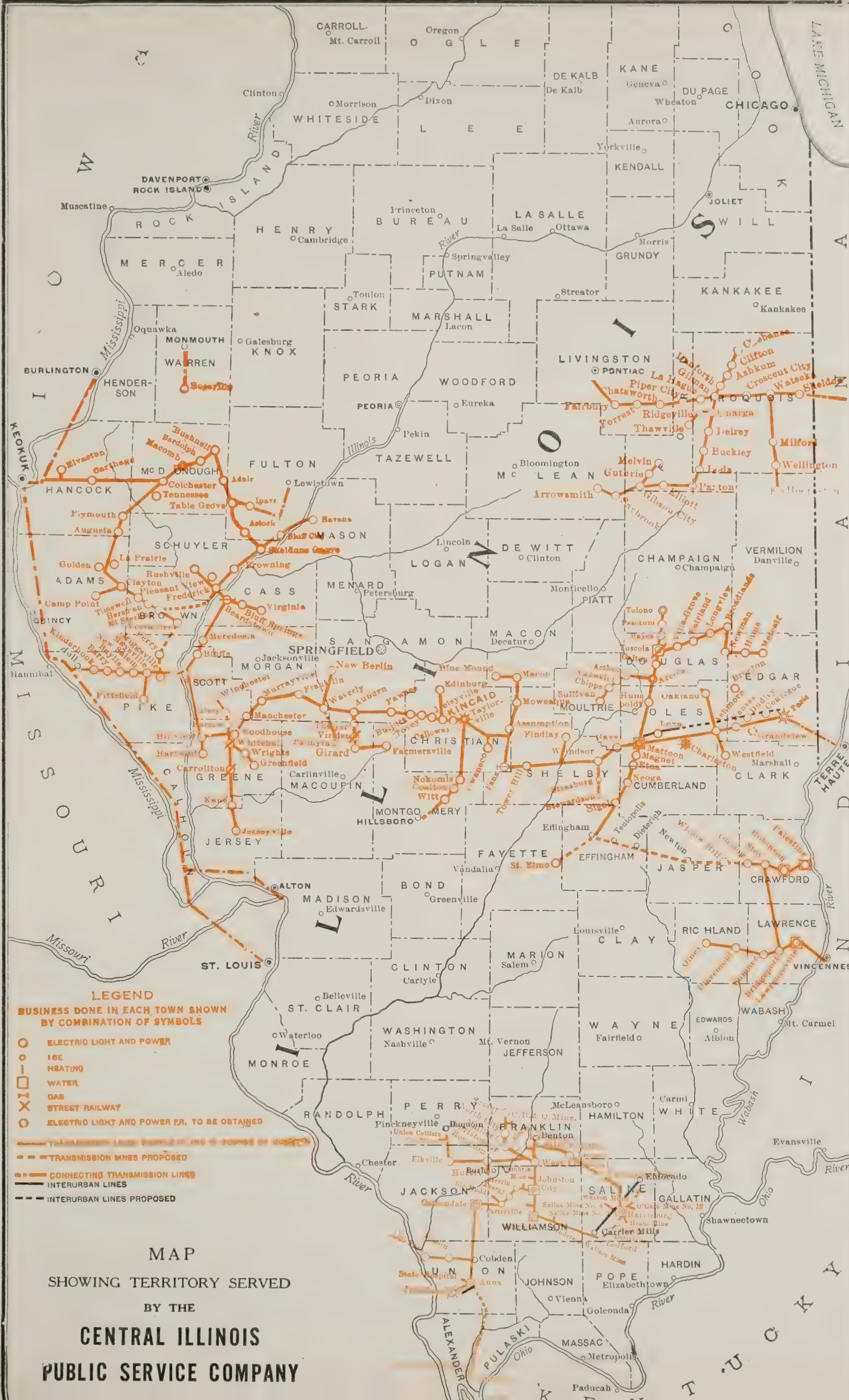
"6. Company should be free from competition.

"7. Company should have satisfactory public relations and competent management.

"8. Company should preferably have customer ownership of preferred stock.

"9. The territory served should be prosperous and growing, both in population and industry.

"10. Earnings should show an increase in gross and net for a period of years.




MAP
SHOWING TERRITORY SERVED
BY THE
**CENTRAL ILLINOIS PUBLIC SERVICE COMPANY**

# REVIEW OF UTILITIES OF CHICAGO AND MIDDLE WEST

### American Water Works & Electric Company

This corporation was formed in 1914 to acquire properties previously owned by American Water Works and Guarantee Company. It is a holding company controlling through stock ownership water companies situated in middle western and southern states, electric light and power properties in western Pennsylvania, Virginia and West Virginia. The water companies controlled by the American Water Works & Electric constitute the largest group of privately owned water works plants in the United States.

Capital—$20,000,000 authorized, $9,050,000 outstanding of a par value of $100 of 7 per cent cumulative first preferred; $10,000,000 authorized and outstanding par value $100 6 per cent participating preferred; $10,000,000 authorized and outstanding common stock.

Bonds—$13,654,100 collateral trust 5's maturing April 1, 1934.

EARNINGS

| | 12 months ended September 30 1924 | 1923 |
|---|---|---|
| Gross | $37,911,943 | $34,880,544 |
| Net after taxes | 16,479,178 | 14,066,361 |
| Fixed charges | 11,299.954 | 10,055,189 |
| Surplus | 5,179,224 | 4,011,172 |

BALANCE SHEET

December 31, 1923

ASSETS

| | |
|---|---|
| Plant, Property, etc. | $219,369,547 |
| Temporary Investment | 3,895,499 |
| Cash | 9,346,177 |
| Secured Call Loans | 200,000 |
| Receivables | 3,357,009 |
| Inventories | 5,561,172 |
| Due from Subs. | 1,235,862 |
| Deferred Charges | 6,863,346 |
| Commission and Expense | 1,288,309 |
| | $251,116,921 |

LIABILITIES

| | |
|---|---|
| Funded Debt | $135,929,855 |
| Payables | 10,318,685 |
| Accrued Liabilities | 4,535,858 |
| Deferred Liabilities | 2,489,972 |
| Deferred Credits | 284,914 |
| Reserves | 13,276,478 |
| *Stocks of Sub. Co. | 41,474,221 |
| Minority Int., Subs. | 8,294,501 |
| 7% Preferred | 9,050,000 |
| 6% Preferred | 10,000,000 |
| Common | 10,000,000 |
| Surplus | 5,452,437 |
| | $251,116,921 |

*Owned by the public.

Officers—Pres., H. Hobart Porter; V.-Ps., J. H. Purdy, W. S. Finlay, Jr., and W. R. Voorhis; Treas., Philip L. Ross; Sec. and Asst. Treas., W. K. Dunbar; Asst. Sec. and Asst. Treas., E. S. Thompson; Asst. Sec., T. B. Davis.

Headquarters—50 Broad St., New York.

### Calumet Gas and Electric Company

The Calumet Gas and Electric Company, which serves sixty-two communities in northern Indiana, furnishes service in a territory directly adjacent to what is rapidly developing into what is known as the greatest industrial center in the United States.

The company's electrical transmission system comprises 441 miles of high tension lines, centered chiefly in the northwest part of Indiana immediately south of the great industrial center bordering Lake Michigan. This transmission system is interconnected with six other electric light and power companies at eight different points and two other connections are under way at the present time which will give the company additional power resources. These interconnections make the Calumet Gas and Electric Company an integral part of the great super-power zone in and around Chicago.

The Calumet Gas and Electric Company is a combination of what was originally fifteen public utility companies. The purchase of fourteen of these companies by the Calumet Gas and Electric Company was closed only a few months ago.

The company operates in fourteen counties in northern Indiana. Gas service is furnished in Elkhart and Valparaiso, and electric service is furnished in Valparaiso, East Gary, Crown Point, Lowell, Plymouth, Culver, Knox, North Judson, La Grange, Wolcottville and many smaller communities.

Officers—President, Samuel Insull; Vice President, Charles W. Chase; Assistant to the President, Samuel Insull, Jr.; Treasurer, George F. Mitchell; Secretary, W. D. Boone; Assistant Treasurer and Assistant Secretary, R. M. Scheidt; Comptroller, W. A. Sauer; auditor, R. W. Melin.

Directors—Samuel Insull, Charles W. Chase, S. E. Mulholland, Morse Dell Plain and Samuel Insull, Jr.

Capital—$1,500,000 7 per cent preferred stock; 100,000 shares common of no par value.

Bonds—$2,500,000.

The gross operating revenue and other income of the constituent companies which are now a part of the Calumet Gas and Electric Company was $1,082,290.64 in 1923.

### Calumet & South Chicago Railway

The annual report of the Calumet and South Chicago Railway Co. for the fiscal year ended January 31, 1924, shows 2.71 per cent earned in the fiscal year on $10,680,751 capital stock, authorized and issued. This compares with 2.62 per cent for fiscal year 1923 and 2.49 for fiscal year 1922.

The income account for fiscal years ended January 31 compares as follows:

| | 1923 | 1922 |
|---|---|---|
| Company's proportion of surface lines' receipts | $ 572,579 | $ 571,557 |
| Other income | 196 | *2,042 |
| Interest charges | 302,120 | 307,408 |
| Net income | 270,655 | 262,107 |
| Dividend 1 per cent | ........ | 100,000 |
| Surplus for year | 270,655 | 162,107 |
| Previous surplus | 410,096 | 247,989 |
| Total surplus Jan. 31 | 680,751 | 410,096 |
| Percentage of net income to capital stock at par | 2.71 | 2.62 |

The balance sheet as of January 31, 1924, shows that purchase price of property in terms of ordinance was $11,467,542 and franchises $5,000,000. The company had cash on hand as of above date $172,039, making total assets $16,639,581. Its bonded indebtedness consists of $5,593,000 first mortgage 5's. Notes and accounts payable and bond interest amounted to $565,829. Surplus assets represented by equity of $10,000,000 capital stock, authorized and issued, amounted to $10,680,752.

### Central Illinois Light Company

This is an Illinois corporation which sells, without competition, electricity for light and power, also gas and steam heating in the cities of Peoria and Pekin, Illinois. The electric system includes central steam stations at Peoria and Pekin, with a total generating capacity of 44,800 H. P., electricity supplied to more than 33,000 customers over 3,100 miles of transmission and distribution lines, and the company has a favorable long term contract for the purchase and exchange of power with the Illinois Electric Power Company.

Capital—$10,000,000 authorized, $5,123,200 outstanding, 6 per cent common; $10,000,000 authorized, $3,561,400 outstanding preferred 66 per cent stock; $1,121,700 7 per cent preferred stock.

Bonds—$15,000,000 authorized of which the following are outstanding: $5,377,100 first mortgage 5's; $2,896,500 first and refunding 6's; $872,400 first and refunding 7½'s.

EARNINGS

| | Year Ended September 30 1924 | Calendar Year 1923 |
|---|---|---|
| Gross | $3,568,808 | $3,520,535 |
| Net after taxes | 1,530,417 | 1,463,060 |
| Available for dividends, etc. | 1,023,975 | 992,077 |

All of the common stock of this corporation is owned by Commonwealth Power Corporation.

### Central Indiana Power

Organized in 1912 the Central Indiana Power Co. owns all the outstanding bonds except $1,564,000—and outstanding capital stocks, except directors qualifying shares—operates public utilities in Indiana. The company through subsidiary companies serves 135 cities and towns in Indiana having an estimated population of 55,000.

Capital stock—$7,000,000 common, par $100; $10,000,000 7 per cent cumulative preferred, $6,403,800 outstanding. The

common stock is owned by American Public Utilities. Bonds —$12,190,500 first mortgage and collateral refunding 6s, Series A due July 1, 1947. $2,000,000 3-year convertible collateral notes due July 1, 1925. $6,500,000 3-year collateral notes, due March 1, 1927. $1,500,000 3-year collateral notes, due March 1, 1927.

EARNINGS

| | Calendar Years 1923 | 1922 |
|---|---|---|
| Gross | $6,406,757 | $5,277,892 |
| Net | 2,197,574 | 1,752,653 |

Officers—President, Joseph H. Bremer; vice-presidents, Charles Murphy, N. V. Robb, L. B. Andrus; vice-president and treasurer, H. R. Ellis; secretary, P. D Birdsall.

Office—Indianapolis, Ind.

### *Central Illinois Public Service Co.*

CENTRAL Illinois Public Service Co. furnishes electric light and power to 211 communities, or approximately one-fifth of the incorporated communities of the state. In addition to these communities served directly the company sells electrical energy at wholesale to thirty other public utility companies, which in turn serve forty-one communities. Besides its electrical business, the company serves nine communities with gas, 12 with water, five with heat, five with electric railways, and operates fifteen ice plants, one of them at Mounds, Ill., being the largest in the state outside of Chicago. The company is the largest of the subsidiaries of the Middle West Utilities Co.

As of February 11, 1924, the company had 120,701 customers contrasting with 102,405 on December 31, 1922. A similar increase is shown in the kilowatt hours generated and purchased. This has grown from 17,300,866 kilowatt hours in 1913 to 173,824,799 in 1923.

In his annual report for year ended December 31, 1923, President Marshall E. Sampsell said, in part:

"The gross earnings, including merchandise sales, for the year 1923 amounted to $8,190,353.89. This compared with the gross earnings of Central Illinois Public Service Company, the predecessor corporation, of $6.355,042.06 for the year 1922 shows an increase of $1,835,311.83. This increase in gross income was due to a larger volume of the business connected prior to 1923; to a substantial amount of new business secured during the year; and, in part, to the purchase of new properties.

"There were installed during the year, 181.6 additional miles of high tension transmission lines, making a total of 1,658 miles. Included in this construction is the 66,000-volt double circuit steel tower transmission line extending from the Company's generating station at Grand Tower to West Frankfort; a 66,000-volt transmission line extending from Grand Tower to Wolf Lake; and 33,000-volt transmission lines extending from Canton to Havana, Sheldon to Beaverville, and Palestine to the Wabash River.

"The Company now serves 107 coal mines, having a connected load of 75,200 horsepower, and seventeen drainage districts having a total connected load of 4,370 horsepower. The company also now serves 3,719 electric heating and cooking customers having 19,518.5 kilowatts of connected load. The gross income from electric heating and cooking business for the year 1923 amounted to $172,003.19.

"From January 1, to September 1, 1923, the predecessor corporation, Central Illinois Public Service Company, issued and sold for cash $426,400 par value of its preferred stock, $273,000 par value of its common stock and $1,401,000 in principal amount of its First and Refunding Mortgage 5% gold bonds, the proceeds of all of which were used to retire $451,000 in principal amount of its general mortgage 6% gold bonds, $55,000 in principal amount of underlying bonds, $144,000 in principal amount of its three year 7% Collateral Gold Notes Series "A," $125,000 in principal amount of Mattoon Clear Water Company First Mortgage 5% gold bonds, $8,700 car equipment contract notes, $5,000 building contract notes and for the company's corporate purposes; and it also issued and delivered $1,995,600 par value of its preferred stock and $750,000 par value of its common stock in part payment for the new properties and for the preferred and common capital stocks of the several corporations acquired.

"The policy of the predecessor company of taking its customers into partnership has been continued with excellent success by the consolidated company, and as a result the number of stockholders has increased as shown below:

| | |
|---|---|
| February 5, 1919 | 249 stockholders |
| February 5, 1920 | 733 stockholders |
| February 5, 1921 | 1,502 stockholders |
| February 3, 1922 | 2,355 stockholders |
| February 9, 1923 | 4,839 stockholders |
| February 11, 1924 | 10,280 stockholders |

In addition, the Company has sold its par value preferred stock on the deferred payment plan to 7,365 persons. When all payments are completed, the number of stockholders will be 17,645. Over 95% of the regular employees of your company are stockholders.

Following is the comparative income statement for years ended December 31:

| | 1923 | 1922 |
|---|---|---|
| Gross earnings | $ 8,190,354 | $ 6,342,905 |
| Operating expenses | 5,478,267 | 4,496,884 |
| Total | $ 2,712,087 | $ 1,846,021 |
| Miscellaneous income | ........ | 12,136 |
| Interest charges, etc | 1,114,418 | 1,221,379 |
| Net income for year | 1,597,669 | 636,778 |
| General interest, amortization, etc | 199,595 | ........ |
| Depreciation | 298,166 | ........ |
| Net income for year | 1,099,908 | 636,778 |
| Dividends paid on preferred stock | 469,925 | 265,873 |
| Dividends paid on common stock | 524,132 | 156,158 |
| Balance carried to surplus | 105,851 | 214,747 |
| Total surplus | 1,015,336 | 909,484 |

The balance sheets compare as follows:

ASSETS

| | 1923 | 1922 |
|---|---|---|
| Plant, real estate and franchises | $45,077,694 | $35,902,595 |
| Securities owned | 1,111,836 | 232,862 |
| Sinking funds | 3,374 | 3,173 |
| Inventories and current assets | 2,666,912 | 2,151,870 |
| Prepaid expenses, etc | 310,205 | 395,902 |
| Stock subscriptions | 594 814 | 1,220,383 |
| Mortgage requirements | 1,258,640 | 963,620 |
| | $51,023,476 | $40,870,407 |

LIABILITIES

| | 1923 | 1922 |
|---|---|---|
| Capital stock: | | |
| Preferred | $ 8,894,510 | $ 5,744,600 |
| Common | 9,724,725 | 8,511,900 |
| | $18,619,235 | $14,256 500 |
| Bonds and notes | 25,470,070 | 20,672,050 |
| Due to Middle West Utilities Co | 12,581 | 778 |
| Current and accrued liabilities | 3,652,890 | 2,433,082 |
| Capital stock subscribed | 934,988 | 1,592,757 |
| Mortgage requirements | 1,258,640 | 963,620 |
| Sundry reserves | 59.735 | 42,135 |
| Surplus | 1,015,336 | 909,484 |
| | $51,023,476 | $40,870,407 |

Directors: Samuel Insull, chairman; Walter S. Brewster, J. Paul Clayton, John F. Gilchrist, George W. Hamilton, Martin J. Insull, Marshall E. Sampsell.

Officers: Marshall E. Sampsell, president; J. Paul Clayton, vice-president; George W. Hamilton, vice-president; Leroy J. Clark, asst. secretary and asst. treasurer; R. B. Tulpin, asst. secretary; C. E. Cripe, treasurer; Clarence L. Nash, asst. treasurer; James L. Gray, auditor.

### *Central Iowa Power & Light Company*

Incorporated in Delaware October 29, 1924, Central Iowa Power & Light Company owns and operates electric light and gas properties formerly operated by the Citizens Gas & Electric Company, Cedar Rapids Electric Company and Northern Iowa Gas & Electric Company. It furnishes without competition electric light and power in 47 communities in central and northern Iowa, including the cities of Waterloo, Eagle Grove, Clarion, Humboldt, etc., supplying a total population estimated at approximately 200,000.

Capital—$1,788,800 outstanding 7 per cent cumulative preferred stock; 40,000 shares common no par value.

Bonds—$6,500,000 first mortgage 6's, Series A; $1,000,000 convertible general mortgage 7's. The first mortgage bonds are secured on all the fixed property of the corporation appraised at $14,189,837.

EARNINGS

| | 12 Months Ended Aug. 31, 1924 | Calendar Year 1923 |
|---|---|---|
| Gross | $1,912,386 | $1,875,958 |
| Net after taxes | 781,726 | 749,923 |

This company is controlled by American Gas Company.

### *Chickasha Gas and Electric Co.*

THE Chickasha Gas and Electric Co. is a public utilities corporation supplying Rush Springs, Minco, Cement, Cyril, Chickasha and other communities in Oklahoma with electrical energy and gas. The transmission lines radiating out of Chickasha to these towns will total, when completed, 103 miles.

The funded debt consists of $90,000 first mortgage 6% serial gold bonds outstanding, and $279,000 first and ref. mortgage 5% gold bonds, due Jan. 1, 1934.

Fred W. Insull, president of the Company, in his annual report to the stockholders for the last fiscal year, said in part:

"Gross earnings show an increase of $51,567, or 26% over the gross earnings of 1922. Net earnings increased 14%.

"The Company built an eight-inch gas line into the heart of the Chickasha gas field and completed the connection with its Chickasha distribution system. Since then gas has been purchased wholesale in the field for distribution in Chickasha, making gas rate reductions in that city possible.

"The Company extended its electric business materially. Twenty-five-year franchises for the serving of electric energy were secured at Cement, Minco and Cyril, with contracts for street lighting and water pumping. Electric light and power companies at Cement and Minco were also acquired.

"A 13,200-volt transmission line was built south from Chickasha to Rush Springs, the line being tapped nine miles south of Chickasha by a line of similar voltage running eleven miles west to serve Cement. This line will be extended to Cyril. In line with modern practice, the Company has arranged for an interconnection of its electric system with that of the Oklahoma Gas and Electric Co., and is building a 66,000-volt transmission line to connect with the latter company's line at El Reno, a distance of thirty-three miles."

Following is the income account for the year ended December 31, 1923:

| | | |
|---|---|---|
| Gross earnings, including merchandise sales | | $ 249,194 |
| Operating expense, including taxes | | 175,803 |
| Net earnings | | 73,391 |
| Interest on funded debt | | 18,496 |
| | | $ 54,895 |
| General interest and amortization of bond discount, etc. | | 11,276 |
| Net income for year | | $ 43,619 |
| Dividends paid and accrued for year on 6% pfd stock | $15,000 | |
| On common stock | 20,000 | 35,000 |
| Balance carried to surplus | | $ 8,619 |

Directors: R. F. Frank, Fred W. Insull, Martin J. Insull, F. D. Shaffer.

Officers: Fred W. Insull, president; F. D. Shaffer, vice-president; R. F. Frank, secretary-treasurer; A. D. Jones, auditor.

### *Chicago City Railway Co.*

THE Chicago City Railway Company, incorporated in Illinois, 1895, owns 332.26 miles of surface lines on the south side of Chicago, extending from the business center of the city to 79th Street and from the south branch of the Chicago River and Lake Michigan. The Calumet & South Chicago and Southern Street Railway lines are operated by this company. Chicago & Southern Traction Co. lines within the city were also acquired when the latter property was sold under foreclosure in 1912. In August, 1916, certain lines of the Chicago & Western Railway Company were purchased, including tracks and franchises in West 63rd Street from South Cicero Avenue to Central Avenue; in Central Avenue from 63rd St. to 63rd Place, and in 63rd Place from Central Avenue and Austin Avenue. Franchises extend to Feb. 1, 1927.

The capital stock, authorized and issued amounts to $20,465,160. The funded debt consists of $33,926,000 first mortgage 5's maturing February 1, 1927. In his annual report to the stockholders for year ended January 31, 1924, issued on March 17, 1924, President Leonard A. Busby said, in part:

"Gross earnings of the Chicago Surface Lines amounted to $57,655,169.73, an increase over the preceding year of $1,552,107.80; operating expenses amounted to $44,839,753.15, an increase of $423,683.43; "residue receipts" (which include the City's 55 per cent) amounted to $12,815,416.58, an increase of $1,128,424.37, divisible 60 per cent or $7,689,249.95 to the Chicago Railways Company and 40 per cent, or $5,126,166.63, to the South side lines, namely: the Chicago City Railway Company, the Southern Street Railway Company and the Calumet and South Chicago Railway Company.

"The increase in gross receipts is due to heavier traffic. During the year the Surface Lines carried 82,805,103 revenue passengers, an increase over the previous year of 62,220,892 passengers, equal to 8.16 per cent. The increase in operating expenses is due largely to the new wage contracts which became effective June 1, 1923.

"The following is a comparative statement of gross earnings, operating expenses and residue receipts for the past two years:

CHICAGO SURFACE LINES

| | Year ending Jan. 31, 1923 | Year ending Jan. 31, 1924 |
|---|---|---|
| Gross earnings | $56,103,061.93 | $57,655,169.73 |
| Operating expenses | 44,416,069.72 | 44,839,753.15 |
| Residue receipts | $11,686,992.21 | $12,815,416.58 |
| Deduct: | | |
| City's 55% | $ 1,665,206.95 | $ 2,119,615.76 |
| Joint account expenses | *620,000.00 | *885,000.00 |
| Net receipts | $ 9,401,785.26 | $ 9,810,800.82 |
| Operating ratio | 79.17% | 77.97% |
| Return on city purchase price | 5.842% | 6.074% |

*Income taxes and other ordinance deductions.

"After payment of operating expenses and bond interest, the property of the Chicago City Railway Company produced a net income of $1,627,464.55, an increase over last year of $169,217.54. Four quarterly dividends of 1½ per cent each, or 6 per cent on the $18,000,000 of capital stock were paid, amounting to $1,080,000. The remainder of the net earnings amounting to $547,427 was carried to surplus, which at the close of the year amounted to $2,465,160. During the year the Company paid off $136,000 of its loans, which represented capital expenditures in previous years.

"Under its ordinance, the Company is required to set aside, in cash, on or before the 5th day of each month, a sum equal to 8 per cent of the gross receipts for the preceding month. This sum constitutes the Renewal Fund, and is kept in a separate bank account, distinct from the Company's general funds. Out of this fund, on certificates issued by the Board of Supervising Engineers, the Company pays the cost of current renewals and replacements. There has been paid into this fund since April 15, 1910, including interest and proceeds from sale of unnecessary property, a total of $12,368,058.78 and there has been paid out of this fund for renewals and replacements, a total of $7,744,475,08, leaving in the fund the sum of $4,624,483.70 on Jan. 31, 1924.

"Since July 1, 1920, however, the 8 per cent of the gross receipts, including interest, amounting to $6,085,885.92, has been paid into a "Special Renewal and Equipment Fund," under an order of the Public Utilities Commission entered July 31, 1920. There has been paid out of this fund for current renewals the sum of $4,129,004.99, and for the purchase of new cars the sum of $1,271,655.31, leaving a balance of $685,225.62 in the fund.

"Since July 1, 1920, no funds have been withdrawn from the Renewal Fund, created by the Company's ordinance. These two funds amounted on January 31, 1924, to $5,309,709.32, in cash, in addition to the sum of $1,271,655.31 withdrawn for the purchase of new cars, the cost of which was not charged to capital account.

"The physical conditions of your property is excellent. The large amounts paid out of the renewal funds, which are part of operating expenses, show that worn out property is being renewed promptly without charge to capital account. Capital expenditures during the year amounted to $400,158.05 making the purchase price at January 31, 1924, $55,485,101.44.

"No extensions were ordered by the City and none were built during the year, but 7.98 miles of single track were reconstructed. The total mileage of single track at the end of the year was 332.27.

"In his message to the City Council dated July 2, 1923, Mayor Dever announced the basic principle of his traction

policy to be municipal ownership and operation. He declared for a comprehensive, unified system of surface, elevated and city-owned subway lines, for the lowest fare possible consistent with good service at actual cost, without imposing any burden on the taxpayers, for management by men of the highest qualifications and for the purchase of the traction properties at a fair price, by the issue of public utility certificates to be paid for as to both principal and interest solely out of earnings. He urged the City Council to begin negotiations with the Companies for working out this plan. These negotiations were taken up, are still pending, and considerable progress has been made.

"There are many difficulties to be overcome in working out the proposed plan, but it is evident that in the last analysis the success or failure of muncipalization will depend on the kind of management in charge. In this essential, municipal ownership and operation differ in no way from private ownership and operation, and we have, therefore, in the negotiations stressed, as the most important factor to be considered, the imperative necessity of providing a management of competent and experienced men, selected solely with reference to their ability to successfully conduct a great enterprise of this kind and absolutely free from political influence or control.

"It is manifest, that unless a management of this character is assured, the present owners would not exchange their securities for the proposed certificates, nor would it be possible to create a market for these certificates so as to obtain from investors the large amounts of new capital needed for extensions, betterment and development of the transportation system.

"It is the purpose of your management to exhaust every reasonable possibility under the proposed plan; to do everything possible to reach an agreement with the City on a basis which will on the one hand recognize and adequately protect the rights of the present owners of the property, and on the other accomplish the City's desired purpose of bringing about a unified transportation system including surface, elevated and subway lines with adequate provisions for extensions and improvements to meet the City's present and future transportation needs."

The balance sheet as of January 31, 1924, is as follows:

| | |
|---|---|
| ASSETS | |
| Purchase price of property in terms of ordinance | $55,485,101 |
| Accounts receivable, real estate, cash on hand | 987,873 |
| Total assets | $56,472,974 |
| LIABILITIES | |
| First mortgage 5% gold bonds outstanding | $33,926,000 |
| Notes payable | 1,208,744 |
| Bond interest and accounts payable | 873,069 |
| Surplus assets: Represented by equity of $18,000,000 capital stock, authorized and issued | 20,465,160 |
| Total liabilities | $56,472,974 |

The income account of Chicago City Railway Co. for year ended January 31, 1924, compares as follows with 1923:

| | 1923 | 1922 |
|---|---|---|
| 40% of surface lines residue receipts | $ 5,126,167 | $ 4,674,796 |
| Joint account expense interest on capital investment, etc. | 3,852,916 | 3,668,400 |
| Net earnings, s. s. lines | 1,273,250 | 1,006,396 |
| City's 55% | 700,000 | 553,518 |
| S. S. lines 45% | 572,963 | 452,878 |
| Southern street railway portion | 31,513 | 24,908 |
| Company's portion | 541,450 | 427,970 |
| Additional interest on capital invested | 2,764,336 | 2,750,965 |
| Income from operation | 3,305,786 | 3,178 934 |
| Other income | 83,197 | 54,397 |
| Interest charges | 1,761,519 | 1,775,085 |
| Net income | 1,627,464 | 1,458,247 |
| Dividends | 1,080,000 | 1,080,000 |
| Miscellaneous charges | 37 | 124 |
| Surplus for year | 547,427 | 378,122 |
| Previous surplus | 1,917,733 | 1,539,611 |
| Surplus Jan. 31 | 2,465,160 | 1,917,733 |
| Per cent earned capital stock | 9.04 | 8.10 |

Directors—Leonard A. Busby, chairman; John A. Spoor, B. E. Sunny, F. O. Wetmore, H. B. Riley, S. M. Felton, H. B. Fleming.

Officers—L. A. Busby, president; H. B. Fleming, vice-president; F. D. Hoffman, secretary and treasurer; John J. Duck, auditor.

### *Chicago City and Connecting Railways Collateral Trust*

THIS is a collateral trust, formed in February, 1910, controlling under a trust agreement, the Calumet and South Chicago Railway, Chicago and Western Railway, Chicago City Railway, Hammond, Whiting, and East Chicago Railway, and Southern Street Railway, in all, 510.16 miles of street railways on the south side of Chicago and vicinity, including Pullman, Hammond, and East Chicago, Ind. The capital stock and bonds, as noted in the financial statement below, of these railways have been deposited with the Chicago Title and Trust Co., which was appointed trustee July 1, 1914. The First Trust and Savings Bank of Chicago receives all interest and dividends on the deposits and securities. Collateral trust bonds and two series of participating shares have been issued against the securities so deposited. The agreement may be terminated or another operating agreement or lease may be made effective in the event security owners desire to sell, merge, or reorganize one or more of these companies.

The capital stock authorized and issued consists of 250,000 shares of preferred participation certificates, and 150,000 of common participation certificates. Preferred shares have no par value, but are entitled to $4.50 cumulative dividends. After the common certificates have received $4 each in any year, the remaining surplus, not exceeding $1,000,000 in any year, is to be divided, five-eighths to preferred and three-eighths to common, but the preferred is limited to $7 per share per annum. In distribution of the trust fund, preferred shall have preference to the amount of $100 each and dividends.

On the preferred participation certificates no dividends have been paid since January, 1918. Payments were made as follows: January 1, 1918, $1.50 per share; July 1, 1917, $1.50; January 1, 1917, $2.25; July 1, 1916, $1; 75 cents per share, January 1, 1916; $1.25 per share each January and July, 1915; $4.50 per share per annum from July 1, 1910, to July 1, 1914, inclusive; dividends in arrears as of July 1, 1919, $13.00 per share. Common participation certificates: None since July 1, 1912; $2 per share per annum, January and July 1, from July, 1910, to July 1, 1912, inclusive.

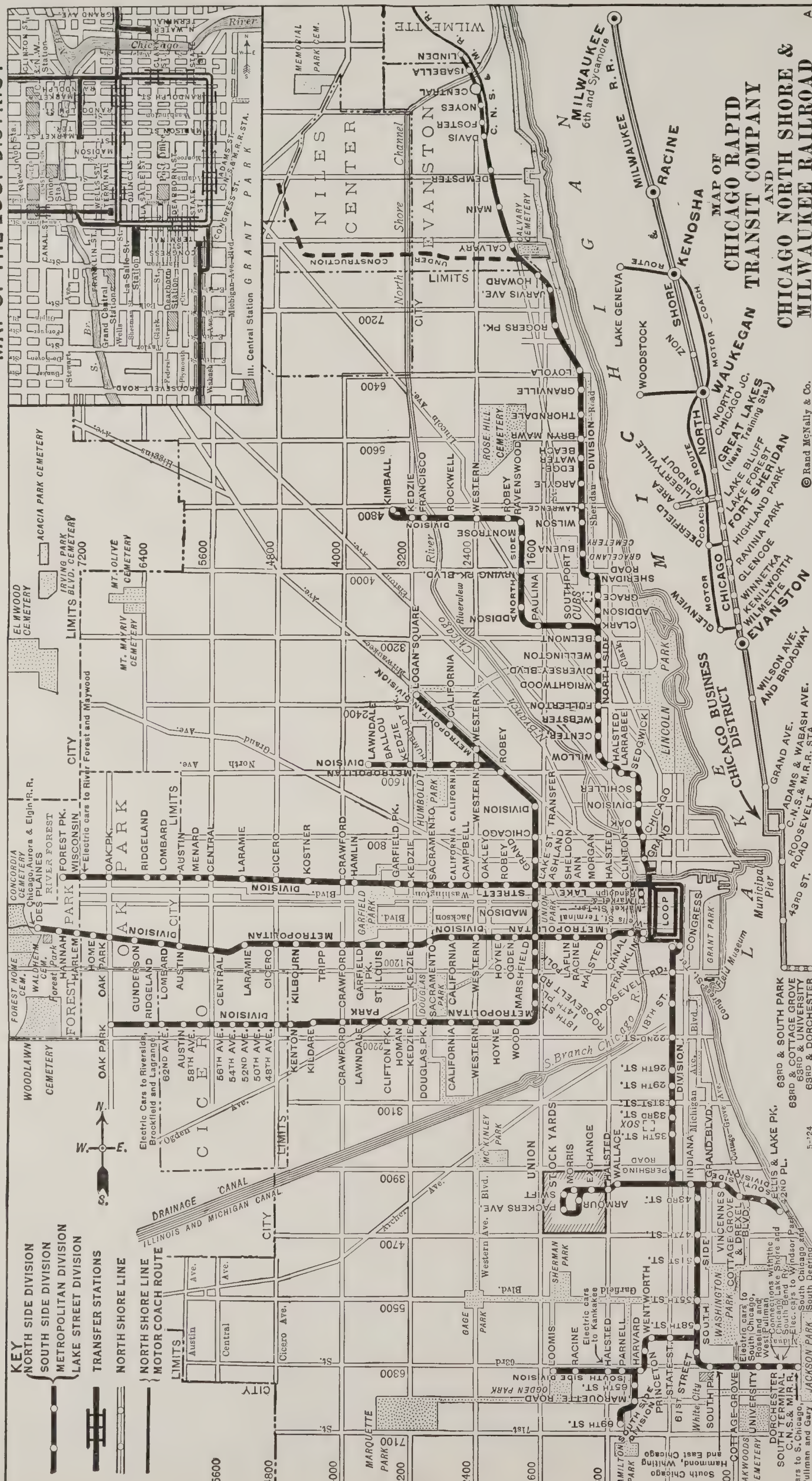
The funded debt consists of $20,931,000 collateral trust 5s dated 1910, due June 1, 1917, with interest payable April and October 1. They are callable as an entirety at 105 and interest, or in the event of purchase of the Chicago City Railway by the City of Chicago or termination of the trust agreement they are redeemable at par and interest. The authorized issue is $22,000,000, which had been reduced by sinking fund to $20,931,000 by December 31, 1923. An annual sinking fund of $105,000 was provided, beginning July 1, 1915. Securities pledged to the collateral trust 5s are as follows: Chicago City Railway $16,971,900 stocks; Calumet and South Chicago Railway (entire issue), $10,000,000; Hammond, Whiting and East Chicago Railway (entire issue), $1,000,000 stocks; $1,000,000 bonds; Southern Street Railway (entire issue), $2,400,000; Chicago and Western Railway (entire issue), $72,000, making a total par value of securities pledged $39,443,900 in stocks and $1,000,000 in bonds.

Comparative income statements for the years ending Dec. 31, are as follows:

| Income— | 1923 | 1922 |
|---|---|---|
| Dividends | $ 1,139,514 | $ 1,215,514 |
| Interest | 64,913 | 42,327 |
| Other income | 47,833 | 34,517 |
| Gross income | $ 1,252,260 | $ 1,292,358 |
| Disbursements— | | |
| Interest on bonds | $ 1,046,550 | $ 1,051,800 |
| Bond redemption | 105,000 | 105,000 |
| General expense | 41,217 | 23,696 |
| Taxes | 15,450 | 18,657 |
| Total disbursements | $ 1,208,217 | $ 1,199.153 |
| Net income | $ 44,043 | $ 93,200 |
| Dividends on participation shares | None | None |
| Surplus income | $ 44,043 | $ 98,200 |

Financial statements for the years ending Dec. 31 compare as follows:

| ASSETS | 1923 | 1922 |
|---|---|---|
| Fixed capital— | | |
| Securities pledged securing $22,000,000 5% bonds ($20,931,000 outstanding) | $31,433,900 | $31,433,900 |
| Current Assets— | | |
| Cash | 540,604 | 486,763 |
| Bills receivable | 317,000 | 317,000 |




CHICAGO RAPID TRANSIT COMPANY

SERVICE TO ALL PARTS OF CHICAGO AND SUBURBS

| | | |
|---|---|---|
| Other investments | 192,577 | 203,700 |
| Accrued interest receivable | 4,691 | 4,705 |
| Accounts receivable | 249 | 248 |
| | $ 1,055,121 | $ 1,012,416 |
| Fixed Liabilities— | | |
| Sinking fund 5% gold bonds | $20,931,000 | $21,036,000 |
| 250,000 preferred participation shares, no par value | ........ | ........ |
| 150,000 common participation shares, no par value | ........ | ........ |
| Current Liabilities— | | |
| Accrued bond interest | 261,638 | 262,950 |
| Reserves | 5,250 | 5,276 |
| Excess of assets over liabilities | 788,233 | 744,190 |
| | $ 1,055,121 | $ 1,012,416 |

Committee: Leonard A. Busby, S. M. Felton, James B. Forgan, Edward N. Hurley, Samuel Insull, John J. Mitchell, J. A. Spoor, B. E. Sunny, Frank O. Wetmore.

Officers of Committee: B. E. Sunny, chairman; S. M. Felton, vice-chairman; H. J. Tansley, secretary and treasurer.

### *Chicago Railway Co.*

THE Chicago Railway Co. was incorporated in Illinois in 1903, acquiring a foreclosure sale, under a modified plan of reorganization, the property of the old Chicago Union Traction Co. and its operating lines, including North and West Chicago Street Railroads. The system serves the main business section, as well as the entire north and west sides, of Chicago, with a total of 586 miles of track.

Franchises expire Feb. 1, 1927, the city reserving right to purchase the property on six months' notice at a valuation of $30,779,875 (recognized by ordinance Feb. 1, 1907), plus the cost of rehabilitation and extensions, including 10 per cent allowance for construction profit and 5 per cent for brokerage on bonds. Company is limited to 5 per cent interest return on agreed valuation ($92,128,636 as of Jan. 31, 1921), all net profits above this to be divided on basis of 55 per cent to city and 45 per cent to company, but a deficit in any year to be made good in subsequent years. Before computing net profits, 6 per cent of gross receipts must be set aside for maintenance and repairs and 8 per cent for renewals and depreciation. Company agrees on demand of city to furnish $3,000,000 to construct downtown subway, to be built and owned by city, any such contribution (including 5 per cent for brokerage on bonds) to be added to value of properties. The present rate of fare is 7 cents, with three tickets for 20 cents, effective June, 1922. The city may commute its share of profits in reducing fare.

The nominal capital stock of $100,000, divided into four series is held under a trust agreement dated Aug. 1, 1907, by H. B. Riley, Wm. C. Niblack, Abel Davis, F. G. Gardiner and H. J. Tansley. In February, 1914, unified operation of all surface lines became effective under the Chicago Surface Lines. The capital stock issue is the basis for 265,100 participation certificates, divided into four series.

Dividend payments follow: Series 1: None since Aug. 1, 1917; $8 per share each year, Aug. 1, 1916 and 1917; 1915; Sept. 1, $4 per share; June 5, $4; 1914; Aug. 1, $8; Feb. 10, $4 1913; August, $4; July, $6; May, $6; February, $6; 1912: October, $6; 1909, $6; 1908: $4. Series 2: none since Feb. 1, 1917; Feb. 1, 1917, $2; June, 1915, $2; initial payment, Feb. 10, 1914, $2 per share. No payments made to date on series 3 and 4.

The company's funded debt is as follows: $59,926,000 first mortgage 5's, dated 1907, due Feb. 1, 1927, interest Feb. and Aug. 1, callable at par and interest; $17,403,800 consolidated mortgage 5s, series A, dated 1907, due Feb. 1, 1927, interest April and Oct. 1; $17,164,475 consolidated mortgage 5 per cent Series B, interest June and Dec. 1; $4,073,000 purchase money mortgage 4s and 5s, dated 1910, due Feb. 1, 1927, interest 4 per cent to Jan. 1, 1916, and 5 per cent thereafter, callable at par and interest, lien on property of Consolidated Traction Co. (within city) acquired, and on Chicago Railways Co. subject to first and consolidated mortgages; $2,500,000 adjustment income mortgage 4s, dated 1910, due Feb. 1, 1927; with interest payable only if earned and is not cumulative. There is also $1,980 in underlying securities, making a total of $101,069,255.



In his annual report dated March 20, 1924, to the stockholders, President Henry A. Blair said, in part:

"A summary of the Income Account for the year is set forth below:

| | | |
|---|---|---|
| INCOME | | |
| Chicago Railways Company's 45% of divisible income | | $ 1,161,268.37 |
| 5% interest on capital valuation | | 4,653,653.58 |
| Other income | | 267,238.99 |
| Total income | | $ 6,082,160.94 |
| DEDUCTIONS | | |
| Interest on bonds | $4,716,679.75 | |
| Interest on loans | 74,219.23 | |
| Sinking fund | 174,036.22 | |
| Other deductions | 247,794.07 | 5,212,729.27 |
| Net income | | $ 869,431.67 |

"The net income of $869,431.67 shown above is before payment of Adjustment Income Bond interest for the fiscal year just closed.

"The rate of return for the year upon the company's capital investment, or city purchase-price, was 6.25 per cent.

"The capital account or purchase-price at the close of the year was, as follows:

| | |
|---|---|
| City purchase-price at January 31, 1923 | $92,698,856.74 |
| Expended during year for capital additions | 786,231.43 |
| Purchase-price at January 31, 1924 | $93,485,088.17 |

"The major portion of these expenditures was for additions to car-house facilities, rendered necessary by the increase in number of cars owned and operated.

"The following statement shows the condition of the Renewal and Depreciation Reserve (on deposit in various banks) at close of the year:

| | | |
|---|---|---|
| Balance in reserve at January 31, 1923 | | $7,652,301.80 |
| Additions during the year: | | |
| Sale of real estate, etc. | $329,158.44 | |
| Interest earned | 235 784.13 | $564,942.57 |
| Balance in reserve January 31, 1924 | | $8,217,244.37 |

"The mileage of the company at the close of the year (measured as single track) was 587.98, an increase during the

year of 2.38 miles,—represented by additional car storage facilities at various car stations of the company.

| | | |
|---|---|---|
| Balance in reserve January 31, 1923 | | $ 730 349.46 |
| Additions during the year | | 2,787,802.12 |
| | | $3,518,151.58 |
| Expended during the year: | | |
| For renewals of property | $1,803,252.25 | |
| For new cars | 1,192,313.57 | 2,995,565.82 |
| Balance in reserve January 31, 1924 | | $ 522,585.76 |

"Prior to June 1 the Surface Lines' trainmen demanded an increase of 10 cents per hour, as well as one week's vacation with full pay and abandonment of one-man cars. Through the efforts of Mayor Dever, in cooperation with the surface lines' management and the trainmen, the entire matter was finally submitted to arbitration. This resulted in an award of 3 cents an hour increase for the year beginning June 1, 1923, and an additional 2 cents an hour for the year beginning June 1, 1924.

"In a separate arbitration proceeding, the other crafts who had presented demands, were awarded increases ranging from 10 cents per hour for shop and electrical employes to 6 cents an hour to track department and 3 cents to a smaller group of men.

"The suits to make permanent the Federal Court injunctions against the 5-cent fare order of the Illinois Commerce Commission, entered November 23, 1921, and against the 6-cent fare order, entered by the Commission April 8, 1922, are still pending before a master in chancery on orders of reference for the taking of testimony.

"On April 24th the Appellate Court affirmed the decision of the lower court in the city's suit against the company for the recovery of $3,500,000 as compensation for the use of streets. The company's contention, that there is nothing due the city except under the terms of the 1907 ordinance, and that all amounts due under the ordinance had been tendered was upheld. On October 20, the city accepted the checks previously tendered, for the fiscal years ended January 31, 1920-1923, representing the city's 55 per cent for those years. The aggregate amount of the checks of this company was $5,379,758.90. They were accepted by the city without prejudice to its right, under the ordinance, to verify the amounts and without prejudice to the city or to the company, with respect to the city's claim for interest. By agreement with the city, the firm of Lawrence Scudder & Company was selected as the certified public accountants to make audit and report upon the accounts of the Surface Lines Companies for the years ending January 31, 1920-1924; and in pursuance of such agreement that firm is now engaged upon this audit.

"During the past year, the present city administration has devoted a great deal of time to the consideration of the intricate questions surrounding the ever-present problem of improved city-wide transportation. We believe these efforts are deserving of the fullest cooperation. The approaching expiration of the ordinance of the Surface Lines' companies in 1927 renders impossible the financing of extensive improvements at this time. It is therefore highly important that every reasonable effort be exerted to reach an early solution of the problem; thus also avoiding possible complications at the expiration of the ordinances."

The comparative income statement for years ended January 31, contrast as follows:

| | 1924 | 1923 |
|---|---|---|
| Gross earnings | $57,655,170 | $56,103,061 |
| Less expenses | 44,839,753 | 44,416.069 |
| Residue receipts | $12,185,417 | $11,686,992 |
| Divided: | | |
| Chicago Railways Co. 60% | 7,689,250 | 7,012,195 |
| Chicago City Railway Co. | 5,126,167 | 4,674,797 |
| Deduct joint account expenses | 455,000 | 360.000 |
| Interest at 5% on capital valuation | 4,653,654 | 4,630,942 |
| Income divisible with city of Chicago | $ 2,580,596 | $ 2,021,552 |
| City's 55% of divisible income | 1,491,328 | ........ |
| Company's 45% of divisible income | 1,161,268 | 909,563 |
| 5% interest allowance on cap. investment | 4,653 658 | 4,630,942 |
| Interest on bank balances | 185,748 | 171,527 |
| Interest on treasury securities | 81,491 | 78,428 |
| Total income | $ 6,082,160 | $ 5,790,462 |
| Deductions, interest, sinking fund, etc. | 5,212,729 | 5,235,177 |
| Net income | $ 869,431 | $ 555,285 |
| Surplus at beginning of year | 1.929,864 | 1,473,580 |
| Deduct interest on adjustment income bonds | 100,000 | 100,000 |
| Surplus at end of year, Jan. 31, 1924 | $ 2,698,297 | $ 1,928,864 |

The balance sheet compares as follows:

| ASSETS | 1923 | 1922 |
|---|---|---|
| Road, equipment and franchises | $100,985,134 | $100,226,194 |
| Treasury securities | 3,055,749 | 3,000.794 |
| Collateral bonds—first mtg. 5s | 2,812,000 | 2,812,000 |
| Trustee | 1,980 | 1,980 |
| Sinking fund—cons. mtg. bonds, series C | 467 | 12,503 |
| Cash | 11,205,151 | 11,534,207 |
| Accounts receivable | 191,304 | 241,100 |
| Income from treasury securities accrued | 32,379 | 22,470 |
| Total assets | $118,284,165 | $117,851,251 |
| LIABILITIES | | |
| Capital stock | $ 100,000 | $ 100,000 |
| Funded debt (all bonds due Feb. 1, 1927) | 101,069,255 | 101,081,591 |
| Current liabilities | 2,569,824 | 2,967,846 |
| Interest, taxes and sinking fund accrued | 2,992.817 | 2,571,014 |
| Reserves | 8,853,972 | 9,201,934 |
| Surplus | 2,698,297 | 1,928,864 |
| Total liabilities | $118,284,165 | $117,851,251 |

Directors—Henry A. Blair, chairman; Bruce Borland, Chauncey B. Borland, John A. Chapman, Wallace Heckman, Herman H. Hettler, *John M. Roach, John E. Wilkie, Charles V. Weston.

Officers—President, Henry A. Blair; vice-presidents, *John M. Roach, John E. Wilkie; treasurer, Markham B. Orde; secretary, Frank L. Hupp.

*Deceased.

### Calumet and South Chicago Ry.

The Calumet & South Chicago Railway Co.s annual report shows 2.62 per cent earned in the fiscal year ended Jan. 31 last on its $10,000,000 capital stock, compared with 2.49 per cent in the preceding year. The income account for the years ended Jan. 31, shows:

| | 1924 | 1923 | 1922 |
|---|---|---|---|
| Company's portion of surface lines' receipts | $572,579 | $571,557 | $570,811 |
| Other income deficit | 196 | 2,042 | 4,101 |
| Interest charges | 302,120 | 307,408 | 317,299 |
| Net income | 270,655 | 262,107 | 249,411 |
| Dividend, 1 per cent | ...... | 100,000 | 175,000 |
| Surplus for year | ...... | 162,107 | 74,411 |
| Previous surplus | 410,096 | 247,989 | 173,578 |
| Total surplus Jan. 31 | 680,751 | 510,096 | 247,989 |
| Percentage of net income to capital stock at par | 2.71 | 2.62 | 2.49 |

The purchase price of the company's property in terms of its ordinance was $11,442,443 on Jan. 31, 1923, compared with $11,425,158 a year previous. Bonds, outstanding, amounted to $5,393,000, unchanged, and notes payable amounted to $682,071, compared with $815,071 Jan. 31, 1922.

Balance sheet January 31, 1924:

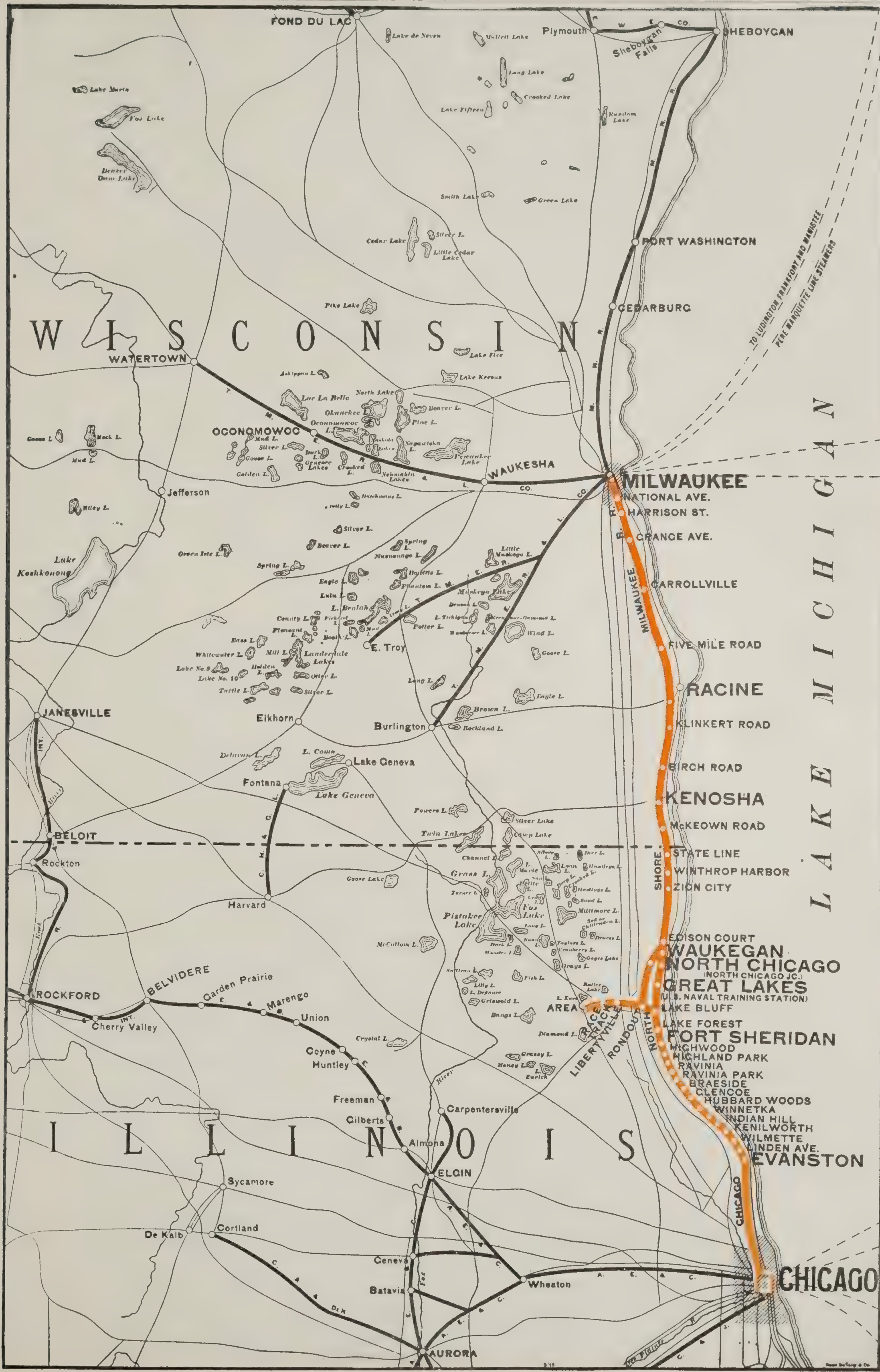
| ASSETS | | |
|---|---|---|
| Purchase price of property in terms of ordinance | $11,467,541 | |
| Franchises | 5,000,000 | |
| | | $16,467,542 |
| CURRENT ASSETS | | |
| Cash on hand | | 172,039 |
| Total assets | | $16,639,581 |
| LIABILITIES | | |
| First mortgage 5% gold bonds | $ 6,398,000 | |
| Deduct: Bonds deposited as collateral to loans. | 639,000 | |
| Bonds in treasury | 366,000 | |
| | $ 1,005,000 | |
| Outstanding | 5,393,000 | |
| Notes payable | 424,071 | |
| Bond interest and accounts payable | 141,758 | |
| | | $ 5,958,829 |
| SURPLUS ASSETS | | |
| Represented by equity of $10,000,000 capital stock, authorized and issued | | 10,680,752 |
| Total liabilities | | $16,639,581 |

Directors: Leonard A. Busby, chairman; John A. Spoor, B. E. Sunny, F. O. Wetmore, H. B. Riley, S. M. Felton, H. B. Fleming.

Officers: L. A. Busby, president; H. B. Fleming, vice-president; F. D. Hoffmann, secretary and treasurer; John J. Duck, auditor.

### *Chicago, North Shore & Milwaukee*

CHICAGO NORTH SHORE & MILWAUKEE RAILROAD CO. of which Samuel Insull is chairman of the board of directors and Britton I. Budd is president, was incorporated in 1916 and acquired all of the property and other assets formerly owned by the Chicago and Milwaukee Electric Railroads of Illinois and Wisconsin, organized in 1898. It owns and operates an electric railway connecting Evanston, Illinois, and Milwaukee, Wisconsin, with a branch



WISCONSIN
ILLINOIS
LAKE MICHIGAN
FOND DU LAC
Plymouth
SHEBOYGAN
Sheboygan Falls
PORT WASHINGTON
CEDARBURG
TO LUDINGTON FRANKFORT AND MANISTEE
PERE MARQUETTE LINE STEAMERS
WATERTOWN
OCONOMOWOC
WAUKESHA
Jefferson
MILWAUKEE
NATIONAL AVE.
HARRISON ST.
GRANGE AVE.
CARROLLVILLE
FIVE MILE ROAD
RACINE
KLINKERT ROAD
BIRCH ROAD
KENOSHA
McKEOWN ROAD
STATE LINE
WINTHROP HARBOR
ZION CITY
EDISON COURT
WAUKEGAN
NORTH CHICAGO
(NORTH CHICAGO JC.)
GREAT LAKES
(U.S. NAVAL TRAINING STATION)
LAKE BLUFF
LAKE FOREST
FORT SHERIDAN
HIGHWOOD
HIGHLAND PARK
RAVINIA
RAVINIA PARK
BRAESIDE
GLENCOE
HUBBARD WOODS
WINNETKA
INDIAN HILL
KENILWORTH
WILMETTE
LINDEN AVE.
EVANSTON
CHICAGO
MILWAUKEE
SHORE
NORTH
CHICAGO
AREA
RACE TRACK
LIBERTYVILLE
RONDOUT
E. Troy
JANESVILLE
Elkhorn
Burlington
Lake Geneva
Fontana
BELOIT
Rockton
Harvard
ROCKFORD
BELVIDERE
Garden Prairie
Marengo
Union
Cherry Valley
Coyne
Huntley
Freeman
Gilberts
Carpentersville
Almona
ELGIN
Sycamore
De Kalb
Cortland
Geneva
Batavia
Wheaton
AURORA

line extending from Lake Bluff to Area, Illinois. Franchise of the Milwaukee city line expires December 31, 1934; franchises in other communities are partly perpetual. The road serves every city and village on the North Shore, including Evanston, Wilmette, Winnetka, Glencoe, Highland Park, Lake Forest, Waukegan, Illinois, Kenosha, Racine and Milwaukee, Wisconsin. Since 1919 trains of the company have been brought to and around the loop in the city of Chicago and in February, 1922, the operation of limited trains was extended south to 63rd street, Chicago.

It is capitalized at $5,000,000 common stock outstanding, $5,000,000 6 per cent noncumulative preferred and 7 per cent prior lien cumulative of which $1,500,000 is outstanding, a total of $11,500,000 in addition $1,000,000 7% cumulative prior lien stock is being sold on partial payment subscriptions. Its total funded debt outstanding is $7,978,800 including $4,060,000 first mortgage 5's outstanding, $1,276,000 10-year secured sinking fund 7 per cent notes, Series A, maturing 1930, $444,400 15-year secured sinking fund 7's, Series B, maturing 1936 and $941,300 3-year secured fund 6½'s, Series C, maturing 1926. Equipment notes 1917/27, $42,500, equipment notes 1919/29, $275,000, equipment Series C1 and C2 1922/32 $457,700, equipment Series D1 and D2 1923/53 $481,900, $1,257,100. The North Shore Co. is building a line five miles in length to connect with the Chicago Rapid Transit Co., at Howard Street running west to Niles Center and thence north to Dempster street, (Evanston) at a cost of $3,000,000.

The company will presently issue $7,000,000 1st and Refunding 6% bonds dated Jan. 2, 1925, due Jan. 1, 1955, Series A, to finance this line and also to refunding $2,661,700 of the present outstanding issues of three-year, ten-year and fifteen-year sinking fund gold 7 and 6½ per cent notes.

These bonds will be a first lien on the new line to Dempster St. on a lien upon the present lines of the company subject only to underlying issue of $4,000,000 First Mtg. bonds.

The line from Howard St. to Dempster street will be operated under lease by the Chicago Rapid Transit Co. until such time as the North Shore Co. completes the extension of the line to Lake Bluff when both companies will operate over the extension jointly.

Upon completion of the contemplated financing the capital stock will aggregate $12,500,000 and the Funded Debt $12,257,100.

Operating revenues in 1923 aggregated $5,945,272, an increase of 18.71 per cent over 1922. Operating income totalled $1,212,847, an increase of $222,694 over 1922, and net income was $686,865 against $517,929 in 1922.

The following comparative income account for years ended December 31, 1923 and 1922 visualizes the growth of the business.

| | 1923 | 1922 | Increase |
|---|---|---|---|
| Operating revenue: Passenger and special car revenue | $4,836,531 | $4,214,150 | $622,381 |
| Freight and express revenue | 1,033,479 | 738,817 | 294,662 |
| Miscellaneous revenue | 75,261 | 54,984 | 20,277 |
| Total | $5,945,271 | $5,007,951 | $937,320 |
| Operating expenses: Way and structures | 538,588 | 429,281 | 109,307 |
| Equipment | 405,220 | 342,851 | 62,369 |
| Power | 529,480 | 483,317 | 46,163 |
| Conducting transportation | 1,878,229 | 1,533,246 | 344,983 |
| Traffic | 179,503 | 154,791 | 24,712 |
| General and miscellaneous | 933,400 | 834,105 | 99,295 |
| Total | $4,464,420 | $3,777,591 | $686,829 |

| | | | |
|---|---|---|---|
| Net revenue—railway operation | 1,480,851 | 1,230,360 | 250,491 |
| Net auxiliary operating revenue | 11,444 | 8,730 | 2,714 |
| Net revenue from operation | 1,492,295 | 1,239,090 | 253,205 |
| Taxes assignable to railway operation | 279,448 | 248,937 | 30,511 |
| Operating income | $1,212,847 | $ 990,153 | $222,694 |
| Non-operating income | 26,625 | 14,560 | 12,065 |
| Gross income | $1,239,472 | $1,004,713 | $234,759 |
| Fixed charges | 552,608 | 486,784 | 65,824 |
| Net income | $ 686,864 | $ 517,929 | $168,935 |

The consolidated balance sheets compare as follows:

ASSETS

| | 1923 | 1922 |
|---|---|---|
| Cost of road, equipment and property | $23,743,257 | $17,669,233 |
| Discount and expense on funded debt subject to amortization | 297,664 | 380,481 |
| Funds and securities in escrow pending delivery of new equipment | 472,821 | 348,867 |
| Funds in hands of trustees | 229 | 10,266 |
| Cash and current assets | 775,791 | 510,364 |
| Prepaid accounts | 46,060 | 55,299 |
| Unadjusted accounts | 115,876 | 88,714 |
| Special advances | 657,751 | 670,920 |
| Deposits in lieu of mortgaged property sold | 8,703 | ........ |
| Miscellaneous physical property | 96,246 | ........ |
| Miscellaneous bonds in treasury | 500 | ........ |
| Special deposits | 10,200 | ........ |
| | $26,225,098 | $19,734,144 |

LIABILITIES

| | 1923 | 1922 |
|---|---|---|
| Capital stock | $10,571,700 | $ 200,000 |
| Equity of participation shareholders | ........ | 7,545,535 |
| First mortgage 5% gold bonds | 4,060,000 | 4,060.000 |
| General mortgage bonds | ........ | 460,000 |
| Equipment notes series 1917-1927, 6% | 59,500 | 76,500 |
| Equipment notes series 1919-1929, 6% | 330,000 | 385,000 |
| Ten-year 7% secured gold notes | 1,301,800 | 1,355,100 |
| Fifteen-year 7% secured gold notes | 453,100 | 471,200 |
| Three-year 6½% secured gold notes | 960.500 | ........ |
| Equipment trust certificates series C-1 | 530,000 | 500,000 |
| Equipment trust certificates series C-2 | ........ | 100,000 |
| Equipment trust certificates series D | 464,000 | ........ |
| Real estate mortgage | 405,950 | ........ |
| Five-year unsecured notes | 2,684,208 | ........ |
| Contract liabilities | 36,576 | ........ |
| Partial payments on stock subscriptions | 70,754 | ........ |
| Current liabilities | 1,709,838 | 1,684,113 |
| Reserves | 2,236,935 | 596,885 |
| Surplus | 350,237 | 2,390,811 |
| | $26,225,098 | $19,734,144 |

Directors—Samuel Insull, Britton I. Budd, R. Floyd Clinch, H. S. Osler, Joseph E. Otis, Charles C. Shedd, John R. Thompson.

Officers—Samuel Insull, chairman board of directors; Britton I. Budd, president; R. Floyd Clinch, vice-president; C. E. Thompson, assistant to the president; W. V. Griffin, secretary and treasurer; F. M. O'Donnell, assistant secretary; John W. Evers, Jr., assistant secretary; L. C. Torrey, assistant treasurer; T. B. MacRae, general auditor, C. R. Mahan, auditor; Ralph R. Bradley, general counsel.

### *Chicago North Shore & Milwaukee*

A significant reflection of changing conditions and market factors affecting electric railway securities was contained in the announcement made last week that the Chicago, North Shore and Milwaukee Railroad Co. had concluded negotiations for the sale of an issue of $7,000,000 first and refunding mortgage gold bonds, bearing 6 per cent to Halsey, Stuart & Co., Inc., and The National City Company.

Funds derived from the sale of the issue in large part will provide for converting temporary financing for an extension of the road to a permanent basis and is the first issue of size providing primarily for electric railway extensions to appear on the market this year. All of the $3,500,000 6 per

cent one-year unsecured notes issued by the company last June in connection with the construction of a five-mile section of a new line from Howard street on the north lake shore of Chicago to Lake Bluff, Ill., a distance of 23¼ miles, will be refunded and an additional $2,721,700 principal amount of the company's funded obligations will be retired.

Upon the completion of this financing the Chicago, North Shore and Milwaukee Railroad Co. will acquire all the property rights and franchises of the Chicago, North Shore and Northern Railroad, a subsidiary organized to undertake the construction of the company's new line.

The company's five-mile extension will connect with the elevated line of the Chicago Rapid Transit Co. at Howard street, Chicago, and extend to Niles Center, Ill., over which the latter company will operate under lease and traffic agreements as soon as the line is completed. When the new line has been extended through Skokie Valley and connected at Lake Bluff, Ill., with the main line, which it will parallel, the road officials say that the running time between Milwaukee and Chicago will be reduced fifteen minutes.

The Chicago, North Shore and Milwaukee Railroad Co. operates a high-speed electric passenger and merchandise-despatch service between Chicago and Milwaukee, a distance of 86 miles, serving all of the well-known, high-class residential communities and manufacturing centers along the lake shore north of Chicago. The new line of 23¼ miles is in the line of growth of all the existing cities and towns now served.

Properties of the company recently were valued by independent engineers at $31,080,655, whereas the total funded debt of the company outstanding in the hands of the public upon the completion of this financing will be only $13,684,208.07. Net earnings before depreciation for the twelve months period ended October 31 were $1,482,423, which compares with annual interest requirements on bonded debt to be presently in the hands of the public of $620,000.

This railroad last year was the recipient of the first medal to be awarded by the Charles A. Coffin foundation for its distinguished contribution to the industry "as a railway that has largely accomplished the task of gaining public good will, of merchandising transportation and modernizing service and equipment and of improving its financial structure."

### *Chicago Rapid Transit Company*

In January, 1924, the Chicago Rapid Transit Company became successor by merger of the Metropolitan West Side Elevated Railway Company, Northwestern Elevated Railroad Company, South Side Elevated Railroad Company and Chicago & Oak Park Elevated Railroad Company.

The company is organized under the railroad laws of the state of Illinois with a franchise of fifty years, renewable for periods of fifty years each. Under this franchise the company has the right to conduct its business indefinitely in the City of Chicago and other communities served, subject to all regulations by public authorities. There are a number of municipal ordinances to predecessor companies which either extend to various dates from 1930 to 1957, or without limit as to time.

The total mileage of single track operated is 206.97, of which 168.36 miles is owned outright, only 38.61 miles being operated under lease. Nearly 80 per cent of the company's tracks are located on private right of way, and its real estate holdings could not be duplicated today at any reasonable price. The equipment includes 1807 cars and 2 electric locomotives. 208 passenger stations are located on the company's lines.

The physical properties of the company were appraised by the Illinois Public Utilities Commission on June 30, 1919, at $86,250,000, which with the appraised value of certain non-operating real estate, and the cost of additions and betterments made subsequently to the date of the appraisal makes a total valuation of approximately $90,000,000.

The total mortgage indebtedness of the company consists of First and Refunding Mortgage bonds, divisional mortgage bonds and equipment obligations outstanding with the public amounting to $45,523,000, and the total Junior Securities consisting of Adjustment Debenture Bonds, 7.8 per cent Prior Preferred Stock and Common Stock amount to $43,892,500, or a total capitalization of the company of $89,415,500.

The rates of fare charged are 10c cash, three tickets for 25c, a weekly unlimited ride pass $1.25, children seven to twelve years of age 3c and school coupon books of fifty rides $2.50. The fare north of the city limits is 13c cash, two tickets for 25c, weekly pass $2.00.

The revenue passenger traffic for 1923 was 203,953,574, an increase of 12½ per cent over the year before.

Metropolitan West Side Elevated Railway Co. $10,000,000 first mortgage 4's, dated 1898, due 1938, interest February and August 1; first lien on the original property of the west side division.

$4,432,000 extension mortgage 4's, dated 1901, due 1938, interest January and July 1; first lien on Douglas Park extension, west of Western Avenue, Wells street terminal and portion of equipment.

$407,000 Union Consolidated Elevated Railway first mortgage 5's, dated 1896, due 1936; first mortgage on connection between main line and Union Loop.

Northwestern Elevated Railroad Company, $11,452,000 outstanding ($1,256,000 in sinking fund) first mortgage 5's, dated 1911, due 1941, interest March and September 1; callable at 102 and interest.

$4,429,000 first mortgage Union Elevated Railroad first mortgage 5's, dated 1895, due 1945, interest April and October 1; first lien on union loop.

Lake Street Elevated Railroad Company $1,932,000 first mortgage 5's, due 1928; first mortgage on Lake Street division and North side of union loop.

Metropolitan, Northwestern and South Side $675,000 5 per cent joint equipment trust obligations due 1925 to 1929.

Metropolitan, Northwestern and South Side $1,581,000 6 per cent joint equipment trust obligations, due 1925 to 1932.

Oak Park $15,000 6 per cent equipment notes.

Chicago Rapid Transit first and refunding mortgage gold bonds $9,000,000 6½'s, series dated 1924, due 1944.

$1,600,000 first and refunding mortgage 6's, series date 1923 due 1953.

(Note: $2,327,000 Chicago Junction R. R. 4's due March 1, 1945, interest paid as rental, but are not an obligation of Chicago Rapid Transit Company.)

The Junior securities are as follows:

Adjustment Debenture bonds due July 1, 1963.

(Carrying 6 per cent interest but cumulative at the rate of 4 per cent from July 1, 1924). Interest payable prior to maturity when and if declared by the board of directors—$18,563,000.

Prior preferred stock, series A 7.8 per cent.

(Preferred as to dividends over interest on adjustment debenture bonds and preferred as to both dividends and assets over preferred and common stock)—$5,000,000.

Preferred stock, authorized $1,000. Outstanding—none.

Common stock—$20,329,500.

The company is now engaged in the sale locally of $5,000,000 series A prior preferred stock. The proceeds up to $3,000,000 will be used for important improvements necessary to keep pace with Chicago's growing demands for transportation. Among the improvements contemplated are the purchase of 100 new cars and the lengthening of all main platforms for longer trains. These improvements are estimated to increase the net earnings of the company $400,000 per annum.

The following is the consolidated income account of the predecessor companies for the year ending December 31, 1923:

| | |
|---|---|
| Gross operating revenue | $17,990,781.91 |
| Operating expenses | 12,953,493.99 |
| Net operating revenue | $ 5,037,287.92 |
| Less taxes, city compensation, etc. | 1,406,132.36 |
| Operating income | $ 3,631,155.56 |
| Non-operating income | 155,523.99 |
| Gross income | $ 3,786,679.55 |
| Less rentals | 449,549.58 |
| Balance for interest charges | $ 3,337,129.97 |

| | |
|---|---|
| Interest charges after eliminating interest on indebtedness retired pursuant to terms of merger | 2,184,549.18 |
| Net income | $ 1,152,580.79 |

Following is the balance sheet as of January 31, 1924:

ASSETS

| | |
|---|---|
| Road and equipment | $87,637,906.51 |
| Miscellaneous physical property | 1,983,397.42 |
| Other investments | 880,363.68 |
| Total investments | $90,501,667.61 |
| Sinking fund (bonds at par and cash) | 1,029,219.40 |
| Current assets | 3,734,570.24 |
| Deferred assets | 29,913.73 |
| Unadjusted debits | 2,124,240.20 |
| Total assets | $97,419,611.18 |

LIABILITIES

| | |
|---|---|
| Capital stock | $20,329,500.00 |
| Adjustment debenture bonds (interest payable only if earned) | 18,563,000.00 |
| Mortgage bonds | *46,008,000.00 |
| Equipment trust obligations | 2,722,000.00 |
| Current liabilities | 2,410,477.85 |
| Deferred liabilities | 553,783.45 |
| Tax liability | 1,336,785.69 |
| Retirement reserve | 1,857,402.57 |
| Other reserves | 3,504,953.73 |
| Other unadjusted credits | 7,016.80 |
| Corporate surplus, January 31, 1924 | 126,691.09 |
| | $97,419,611.18 |

*Exclusive of $12,292,000 bonds in escrow with Central Union Trust Co., New York, withdrawable only against future improvements upon Northwestern Elevated Main Line. No interest is payable on these bonds while in escrow.

### *Chicago Surface Lines*

THE Chicago Surface Lines is the official organization directing unified operation of all surface street railway lines in Chicago. It was organized Feb. 1, 1914, and is composed of the Chicago Railways Co., operating on the north and west sides; the Chicago City Railway Co., Calumet & South Chicago Railway Co. and Southern Street Railway Co., operating the south and southwest sides. The Southern Street Railway and the Calumet & South Chicago Railway Co. which have been operated by the Chicago City Railway Co., are considered in the division of residue receipts by the Chicago Surface Lines as part of the Chicago City Railway Co. system.

Since the Chicago Surface Lines is an operating organization it has no capital stock or bonded debt. Franchises extend to 1927, but the city may purchase before this date. Each company is allowed 5 per cent return on the initial valuation of its property, plus the cost of rehabilitation and extensions, 10 per cent for construction profit and 5 per cent for brokerage on the sale of its bonds. The aggregate of initial valuation, plus cost of rehabilitation and extensions, construction profit and brokerage represents the purchase price to the city. The interest return to each company is deducted from its share of residue receipts after all items of operating expense have been allowed. In arriving at the residue receipts, 60 per cent goes to the Chicago Railways Co. and 40 per cent to the Chicago City Railway Co. After the interest is deducted, the remainder is divided, 55 per cent to the city and 45 per cent to the company.

Earnings, expenses and distribution of residue receipts for years ending Jan. 31, follow:

| EARNINGS | 1924 | 1923 |
|---|---|---|
| Passenger cars | $56,986,688 | $55,495,310 |
| Chartered cars | 7,942 | 9,594 |
| Newspaper cars | 13,619 | 15,868 |
| Freight earnings | 3,023 | 1,864 |
| Hospital car service | 5,870 | 5,078 |
| Advertising | 260,805 | 253,677 |
| Rents of buildings, etc. | 141,344 | 100,240 |
| Sale of power | 95,994 | 89,340 |
| Interest on deposits | 126,864 | 119,032 |
| Miscellaneous | 13,020 | 13,054 |
| Gross earnings | $57,655,170 | $56,103,061 |
| EXPENSES | | |
| Way and structures | $ 2,682,066 | $ 2,556,627 |
| Equipment | 3,858,865 | 3,788,170 |
| Renewals | 4,612,413 | 4,488,244 |
| Power—Maintenance | 361,956 | 316,449 |
| Power—Operation | 3,321,683 | 3,175,390 |
| Conducting transportation | 22,671,304 | 22,575,416 |
| Traffic | ........ | 42,092 |
| General and miscellaneous—Damages | 4,161,465 | 2,356,328 |
| General and miscellaneous—Other | ........ | 1,859,348 |
| Taxes | 3,170,000 | 3,258,000 |
| Total expenses | $44,839,753 | $44,416,069 |
| Residue receipts | $12,815,417 | $11,686,992 |
| Divided: | | |
| Chicago Railways Co.—60% | $ 7,689,250 | *$ 7,012,195 |
| South Side Lines—40% | 5,126,167 | *4,674,796 |

*Includes City's 55% of net divisible receipts, as defined by ordinances.

Board of Operation—Henry A. Blair, chairman, L. A. Busby, Wallace Heckman, Herman A. Hettler, Frederick H. Rawson, B. E. Sunny, Frank O. Wetmore.

Officers—Henry A. Blair, president; G. A. Richardson, vice-president and general manager; M. B. Orde, treasurer; F. L. Hupp, secretary.

### *Cities Service Company*

Cities Service Company was incorporated in Delaware, 1910, as a holding company. It controls electric light and power, electric railway, natural and artificial gas, and during the past several years has acquired very valuable oil properties, which today yield a large proportion of all the high-grade refinable oil produced in the United States. The public utility properties serve over 350 communities, with an aggregate population of approximately 2,500,000 in 20 states and in the Province of Ontario. Cities Service Company controls through stock ownership 45 companies engaged in producing, transporting, refining and marketing petroleum and petroleum products and 62 public service corporations operate in 20 states and Canada. Following are the subsidiaries of Cities Service Company and communities served:

Adrian Street Railway Company, Adrian, Mich.
American Eagle Oil Company, Oklahoma
Arkansas Valley Gas Company, Arkansas City, Kan.
Athens Gas Light & Fuel Company, Athens, Ga.
Athens Railway & Electric Company, Athens and Jefferson, Ga.
Atlas Chemical Company, Toledo, O.
Bartlesville Gas & Electric Company, Bartlesville and Dewey, Okla.
Bristol Gas & Electric Company, Bristol, Va., Tenn.
Brush Electric Company, Galveston, Texas
Carson Petroleum Company, Chicago, Ill.
- Carson Petroleum Co. (Texas)
- Cities Service Export Oil Company, Chicago, Ill.
- Petroleum Import and Export Company, New Orleans, La.

Central Ohio Gas & Electric Company
Chesebrough Building Company, New York, N. Y.
Cities Fuel & Power Company
- American Pipeline Company, Kansas and Oklahoma
- Franklin County Pipe Line Company, Kansas

Ohio & Northern Gas Company
Central Ohio Gas Company
Local franchise at Berea, Coshocton, Medina and many other communities. Also sells wholesale to Columbus and 9 additional communities in Ohio.
Manufacturers Natural Gas Company, Ltd., Ontario
Northwestern New York Gas Company, Fredonia, N. Y.
Republic Light, Heat & Power Company
Batavia, Westfield and many other communities in N. Y.
Empire Pipe Line Company of Mexico
Gulf Coast Corporation, Mexico
Holden Evans Steamship Company, Mexico
Lagunita Oil Company
Tampascas Oil Company, Mexico
National Petroleum Corporation, Mexico.
Southern Fuel and Refining Company, Mexico
Sentinel Oil & Gas Company, Ottawa, Kan.
Cities Service Oil Company, Ohio
Cities Service Oil Company, Limited, Canada
Cities Service Oil Storage Company, Antwerp, Belgium
Cities Service Refining Company, Boston, Mass.
Cities Service Transportation Company
City Light & Traction Company, Sedalia, Mo.
City Light & Water Company, Amarillo, Texas
Colombian Petroleum Company
Compania Colombiana del Petroleo, Colombia, S. A.
Compania de Gas y Combustible, "Imperio," Mexico
Compania Emmex de Petroleo y Gas, Mexico
Compania Terminal "Imperio" S. A., Mexico
Cia de Terrenos Petroliferos "Imperio" S. A., Mexico
Crew Levick Company, Philadelphia, Pa.
Admiralen S. S. Company
Warren Company, Kansas and Oklahoma
Cumberland & Westernport Electric Ry Co., Cumberland, Md., and 17 other communities
Danbury & Bethel Gas & Electric Light Co., Danbury, Brookfield and Bethel, Conn.
Doherty Club, Inc., New York, N. Y.
Dominion Gas Company
Brantford Gas Company
Dominion Natural Gas Company, Ltd.
Ingersoll Gas Light Company
United Gas Companies, Ltd.
Woodstock Gas Light Company
Hamilton, Brantford, Galt, St. Catharines, Woodstock and numerous other communities in Ontario.
Durham Public Service Company, Durham, N. C.
Electric Bond Deposit Company
Ozark Power and Water Company, Springfield and Joplin, Mo.
Empire District Electric Company
Carthage Gas Company
Webb City & Carterville Gas Company
Joplin, Webb City, Carthage, Mo., and numerous other communities in Missouri, Kansas and Oklahoma.
Empire Gas & Fuel Company (Colo.)
Operating in Colorado
Empire Gas & Fuel Company (Del.)
Operating in Kansas and Oklahoma

Cities Service Oil Company (Delaware)
Operates in Kansas, Missouri, Oklahoma, Texas and Colorado

Cities Service Oil Company (Illinois)

Cities Service Oil Company (West Virginia)

Consumers Gas Company
Operating in Kansas, Oklahoma and Missouri

Empire Gas & Fuel Company (Maine)
Operating in Texas
Planet Petroleum Company
Operating in Texas

Empire Gas & Pipeline Company (Maine)
Operating in Kansas and Oklahoma

Empire Gasoline Company (Del.)
Operating in Kansas and Oklahoma

Empire Petroleum Company (Del.)
Operating in Kansas, Oklahoma and Texas

Empire Refining Company (Del.)
Cushing, Okmulgee, Oklahoma City and Ponca City, Okla.

Empire Pipe-line Co.
Operating in Kansas, Oklahoma and Texas
Empire Refineries, Inc.
Operating in Oklahoma
Producers Refining Company, Gainesville, Texas

Empire Natural Gas Company
Winfield Natural Gas Co.
Sells wholesale to Wichita, Newton, Winfield, Wellington, Hutchinson, Arkansas City, and a number of other communities in Kansas.

Fifty-nine Osage Oil Company, Oklahoma

Indian Territory Illuminating Oil Co., Oklahoma, Texas and La.
Delmar Oil Company, Texas and Oklahoma
Osage Producers Gas Company, Oklahoma
Pawhuska Oil & Gas Company, Oklahoma
Westerly Oil Company, Oklahoma
Kansas Natural Gas Co., Kansas
Midland Oil Company, Oklahoma
Steyner Oil Company, Oklahoma

Empire Gas & Fuel Company (Inc.)
Operating in Kentucky

Empire Gas & Fuel Company
Operating in Ohio

Empire Leasing & Drilling Company, Kansas and Oklahoma

Empire Oil & Gas Company (Inc.)
Operating in Kentucky

Empire Refining Company (Ill.)

Empire Refining Company (Maine)

Empire Tank Line Company

Fremont Gas, Electric Light & Power Company, Fremont and Cedar Bluffs, Neb.

H. L. D. Realty Corporation, New York, N. Y.

Knoxville Gas Company, Knoxville, Park City and Oakwood, Tenn.

Lakeside Construction Company, Valmont, Colo.

Lebanon Gas & Fuel Company, Lebanon, Pa., and 4 other communities

Lenawee County Gas & Electric Company, Adrian, Mich.

Meridian Light & Railway Company
Hattiesburg Traction Company, Meridian and Hattiesburg, Miss.

Ohio Public Service Company
Alliance, Lorain, Elyria, Massillon, Warren, Mansfield and 22 other communities in Ohio

Oil Warehouse Co., Inc., New Orleans, La.

Public Service Company of Colorado
Denver, Boulder, and many other communities in Colorado
Cheyenne Light, Fuel and Power Company, Cheyenne, Wyo.

Pueblo Gas & Fuel Company, Pueblo, Colo.

St. Joseph Ry., Light, Heat & Power Co.
St. Joseph and Savannah, Mo., and 7 other communities

Salina Light, Power & Gas Company, Salina, Kan.

Southern Ontario Gas Company, Ltd.
Pipeline Company, but also has local franchise in Aldborough, **Dunwich, Harwich** and Raleigh, Ontario

Southwestern Oklahoma Gas & Fuel Company, Pipeline Company in Oklahoma

Spokane Gas & Fuel Company, Spokane, Wash.

Summit County Power Company, Dillon and Montezuma, Colo.

Texas Distributing Company, Bangs and Mineral Wells, Texas

Toledo Beach Company, Toledo Beach, Mich.

Toledo Casino Company, Toledo, Ohio

Toledo, Ottawa Beach & Northern Railway Co., Toledo, Ohio

Toledo Traction, Light & Power Company
Anchor Realty Company, Toledo, Ohio
Toledo Suburban Electric Company, Sylvania and many other towns in Northern Ohio
Citizens Light & Power Company, Adrian, Mich.
Toledo Edison Company, Toledo, Ohio

United Water, Gas & Electric Company, Hutchinson, Nickerson and Lyons, Kan., and 9 other communities

Watauga Power Company, Hydro Electric Generating Company in Tennessee

Western Distributing Company, Twenty-four communities in Kansas

Western Oklahoma Gas & Fuel Company, Duncan and Marlow, Okla.

GENERAL STATISTICS OF SUBSIDIARY COMPANIES

| | 1923 | 1922 | 1921 |
|---|---|---|---|
| ELECTRIC PROPERTIES | | | |
| Kilowatt-hours sold ........ | 993,913,613 | 862,066,092 | 647,751,497 |
| Kilowatts installed capacity. | 410,204 | 390,390 | 387,260 |
| Kilowatts connected load.... | 770,428 | 711,453 | 627,794 |
| Number of customers....... | 289,628 | 247,961 | 231,114 |
| Population served ......... | 1,450,000 | 1,450,000 | 1,450,000 |
| ELECTRIC RAILWAYS | | | |
| Passengers carried ........ | 97,199,484 | 93,492,405 | 95,274,280 |
| Miles of track............. | 372 | 308 | 308 |
| Number of cars owned..... | 822 | 776 | 725 |
| Population served ........ | 650,000 | 650,000 | 600,000 |
| ARTIFICIAL GAS | | | |
| Sales in cu. ft............ | 6,908,051,000 | 5,957,786,000 | 5,849,050.310 |
| 24 hour capacity in cu. ft... | 27,093,000 | 24,495,000 | 23,568,000 |
| Number of customers....... | 111,203 | 103,537 | 112,426 |
| Miles of main on 3-in. basis. | 1,776 | 1,721 | 1,794 |
| Population served ......... | 1,100,000 | 1,100,000 | 1,100,000 |
| NATURAL GAS | | | |
| Gas sold in cu. ft.......... | 40,491,897,000 | 38,606,628,000 | 36,133,082,000 |
| Number of gas wells owned. | 2,158 | 2,199 | 2,107 |
| Miles of gas mains owned.. | 5,678 | 5,604 | 5,564 |
| Population served ......... | 5,218,693 | 4,836,066 | 1,000,000 |
| Casinghead gasoline produced (gallon) ............. | 1,700,000 | 1,650,000 | 4,252,986 |
| OIL AND REFINERIES | | | |
| Barrels of oil produced..... | 11,286,253 | 10,044,648 | 11,565,993 |
| Number of oil wells owned. | 3,858 | 3,810 | 3,807 |
| Daily refining capacity (barrels of crude oil)...... | 31,500 | 24,400 | 27,500 |
| Oil storage capacity in bbls. | 7,385,000 | 7,102,000 | 6,558,000 |
| Number of tank cars owned and leased ........... | 2,293 | 2,248 | 2,271 |
| Number of distributing stations (excl. foreign countries) ................ | 1,337 | 813 | 321 |

Capital—(As of Dec. 31, 1923). Preferred 6 per cent cum. ($100), authorized, $150,000,000; outstanding $80,112,-611. Second preferred, Series B, 6 per cent cum. ($10), authorized, $40,000,000; outstanding, $3,586,740. Second preferred, Series BB, 6 per cent cum., authorized, $60,000,000. Outstanding, $282,500. Common ($100), $400,000,000 authorized; $46,155,494 outstanding.

Dividends—On the preferred stock commenced with the date of organization, September 2, 1910, and were paid monthly at the rate of six per cent (6 per cent) per annum until August 1, 1914. Dividends at the same rate were resumed on January 1, 1916, and the accrued accumulated dividends amounting to 9 per cent were paid in convertible debentures, practically all of which have since been converted. Dividends at the rate of 6 per cent were paid to and including June 1, 1921; July 1, 1921, to Aug. 1, 1922, ½ per cent was paid in scrip. September 1, 1922, cash dividends of ½ per cent were resumed. On the preferred "B" ½ per cent January 1, 1920, to June 1, 1921, in cash; ½ per cent scrip July 1, 1921, to Sept. 1, 1922. October 1, 1922, same rate in cash resumed to date.

Cash dividends on common stock began with the date of organization, September 2, 1910, and were paid monthly up to August 1, 1914, at the following rates: 3 per cent, 1910; 3 per cent, 1911; 4 per cent, 1912; 5 per cent, 1913; 6 per cent, 1914; and were then suspended until January 1, 1916, at which time a distribution of 6 per cent of convertible debentures was made and on July 1, 1916, a further distribution of 3 per cent of convertible debentures. Since that time, to and including June 1, 1921, dividends were paid on the common stock at the rate of six per cent per annum in cash, and since July 1, 1921, the same rate has been paid in scrip.

On September 1, 1916, a dividend of 2 per cent in common stock was paid and on December 1 a dividend of 4 per cent on common stock was paid. During 1917, the company declared a dividend of 6 per cent payable in common stock; in 1918, 9 per cent in common stock, and in 1919, 12 per cent in common stock. It is the intention of the Board of Directors to increase the common stock dividend at the rate of 3 per cent per annum, so long as the earnings of the company justify this policy. The company paid dividends of 1¼ per cent in common stock monthly from February 1, 1920, to June 1, 1921, and since July 1, 1921, same rate has been paid in scrip.

The dividends on both preferred and common stocks are payable on the first day of each month to stockholders of record on the 15th day of the preceding month.

On the Bankers' Shares the initial dividend of 39.6c was paid April 1, 1919. Total for 1919 was $4.113; for

1920, \$5.9652; for 1921, \$3.20375; since Jan. 1, 1922, 17½c has been paid monthly.

Bankers' Shares—There have been deposited under an agreement dated March 1, 1919, between Henry L. Doherty & Company and Bankers Trust Company, as Depositary, 30,000 shares of the common capital stock of Cities Service Company, of the par value of \$100 each. The agreement provides, among other things, for the issue of non-voting certificates, in registered form, to represent what is termed in the agreement "Cities Service Company Bankers' Shares," against the common stock so deposited, each such Bankers' Share representing one-tenth interest in a share of Cities Service Company common stock of the par value of \$100. There have been issued, under this agreement, certificates representing 300,000 Bankers' Shares against the 30,000 shares of Cities Service Company common stock so deposited. The agreement provides that Cities Service Company or Henry L. Doherty & Company shall have the exclusive right to deposit additional shares of common stock from time to time, against which additional Bankers' Shares may be issued in the same ratio. Subject to the provisions of the agreement, holders of Bankers' Shares have the right to surrender their Bankers' Shares at any time when the transfer books are not closed, and receive for each ten Bankers' Shares so surrendered one share of Cities Service Company common stock of the par value of \$100. The agreement further provides for the sale of all stock dividends received on the deposited Cities Service Company common stock and the disbursement of the net proceeds from such sale, together with the cash dividends received on the deposited stock, in the form of a disbursement to the holders of the outstanding Bankers' Shares. The holders of Bankers' Shares may, however, order their pro rata share of said stock dividends withheld from sale and delivered to Henry L. Doherty & Company for the account of such holders. Under the present dividend policy of Cities Service Company distributions to holders of Bankers' Shares are payable on the 1st of each month, to holders of record on the 15th day of the preceding month.

### Funded Debt

\$22,630.50 convertible 5 per cent, Series A, debentures and debenture certificates; due Jan. 1, 1966.

\$1,426,330 7 per cent convertible debentures, Series B, dated Jan. 1, 1918; due Jan. 1, 1966. Callable at 102 and interest; if called before, on or after Jan. 1, 1920, the holder has the right to convert after proper notice by public advertisement.

\$12,553,970 convertible 7 per cent, Series C debentures, dated Jan. 1, 1919, due Jan. 1, 1966.

\$10,154,558 convertible 7 per cent debentures, Series D, due Jan. 1, 1966; dated Dec. 1, 1919. Auth., \$30,000,000. Redeemable at 102 and int.

\$1,709,840 Series F, 8 per cent convertible debentures.

EARNINGS OF CITIES SERVICE CO.—Calendar Years:

| | 1923 | 1922 | 1921 | 1920 |
|---|---|---|---|---|
| Total gross earnings | \$16,602,562 | \$14,658,971 | \$13,461,770 | \$24,698,039 |
| Expenses | 508,945 | 453,296 | 517 054 | 700,472 |
| Net earnings | 16,093,616 | 14,205,675 | 12,944,715 | 23,997,566 |
| Interest | 2,624,856 | 2,358,555 | 2 098,130 | 1,941,628 |
| Net applicable to stock | 13,468,760 | 11,847,119 | 10,846,585 | 22,055,938 |
| Divs. on pfd. stock | 4,987,977 | 4,917,517 | 4,856,631 | 4,685,474 |
| Net applicable to common stock and reserves | 8,480,783 | 6,929,602 | 5,989,953 | 17,370,463 |
| No. of times pfd. dividends were earned | 2.70 | 2.41 | 2.23 | 4.71 |
| Per cent of earnings on aver. amount of common stk. outstanding | 18.28 | 14.88 | 13.04 | 43.09 |

CONSOLIDATED BALANCE SHEET CITIES SERVICE COMPANY AND SUBSIDIARIES, DECEMBER 31, 1923

Inter-Company Items Eliminated

ASSETS

| | | |
|---|---|---|
| **Capital Assets—** | | |
| Plant and investment | \$417,621,347 | |
| Represents cost of fixed property. (All Inter-company securities deducted at par.) | | |
| Sinking fund | 4,854,302 | |
| Amount of bonds or funds deposited with mortgage trustees and debentures fund investments. | | |
| Employes subscriptions | ........ | |
| Amount due on employes stock subscription contracts. | | |
| Total capital assets | | \$422,475,649 |
| **Current Assets—** | | |
| Cash | \$ 13,082,660 | |
| Money on hand and on deposit. | | |
| Securities owned | 756,228 | |
| Miscellaneous temporary investments. | | |
| Receivable for subsidiary securities sold (since received) | ........ | |
| Bills receivable | 854,625 | |
| Notes received in settlement for sales of gas, electricity, oils and merchandise. | | |
| Accounts receivable | 17,417,967 | |
| Due from customers in payment for gas, electricity, gasoline, lubricating oils, crude oil, etc. | | |
| Oils in stock | 9,487,088 | |
| Market value of crude and refined oils on hand. | | |
| Materials and supplies | 9,396,256 | |
| Construction materials, operating supplies and merchandise. | | |
| Total current assets | | \$ 50,994,825 |
| **Other Assets—** | | |
| Payments made in advance | \$ 3,242,300 | |
| Expenses paid in advance and chargeable to future operations. | | |
| Discount on bonds, debentures, etc. | 14,238,670 | |
| Difference between par value and sale price; to be amortized over the life of the securities. | | |
| Special deposits | 366,271 | |
| Miscellaneous funds on deposit for specific purposes. | | |
| Total other assets | | \$ 17,847,241 |
| Total assets | | \$491,317,715 |

The above statement shows the financial position of the company and its subsidiaries, all inter-company items having been eliminated.

LIABILITIES

| | | |
|---|---|---|
| **Capital Stocks Outstanding—** | | |
| Cities Service Co. preferred stock | \$ 80,112,611 | |
| Cities Service Co. preferred B stock | 3,586,740 | |
| Cities Service Co. preferred BB stock | 282,500 | |
| Cities Service Co. common stock | 46,155,494 | |
| **Subsidiary Stocks Outstanding—** | | |
| Preferred stocks | 23,170,442 | |
| Common stocks | 7,289,489 | |
| Total capital stocks | | \$160,597,276 |
| **Bonds and Funded Notes Outstanding—** | | |
| Cities Service Co. debentures series A. B, C, D, and E (due 1966) | \$ 25,867,329 | |
| Subsidiary bonds and funded notes | 180 474,442 | |
| Subsidiary securities in sinking fund | 4,406,983 | |
| Total bonds and funded notes | | \$210,748,755 |
| **Current Liabilities—** | | |
| Bills payable | \$ 13,140,044 | |
| Notes given for money borrowed materials, supplies, etc. | | |
| Accounts payable | 6,052,711 | |
| Current wages, operating accounts, supplies, etc. | | |
| Taxes accrued | 2,001,417 | |
| Amounts set aside from earnings for taxes due at future dates. | | |
| Interest accrued | 2,767,967 | |
| Amounts set aside from earnings for interest payments at future dates. | | |
| Preferred and preference scrip (not presented) | 25,819 | |
| Miscellaneous unclassified items | 78 192 | |
| Total current liabilities | | \$ 24,066,151 |
| **Other Liabilities—** | | |
| Cities Service Co. common cash scrip | \$ 7,139,359 | |
| Cities Service Co. stock scrip | 17,848,398 | |
| Amounts of dividends declared for which scrip certificates have been issued. | | |
| Customers deposits | 1,614,156 | |
| Amount of cash deposited by customers to guarantee payment of bills. | | |
| Total other liabilities | | \$ 26,601,914 |
| Depreciation and Other Reserves | \$ 36,399,101 | |
| Amounts set aside for depreciation, etc. | | |
| Surplus | 32,904,518 | |
| Amount of earnings accumulated to date which have not been declared as dividends. | | |
| Total surplus and reserves | | \$ 69,303,619 |
| Total liabilities | | \$491,317,715 |

Contingent liability: Guaranteed by Empire Gas & Fuel Company of \$2,125,000 Empire Tank Line Company 8 per cent notes, due 1931.

During the year Cities Service acquired the Athens, Ga., Gas, Light & Fuel Company. It also purchased the electric and gas interests in Adrian, Mich., and the Toledo Suburban Electric Company was organized, which took over that part of the electric property located within the state of Ohio owned by the Toledo & Western Railroad Company.

A merger of the properties formerly operated by The Denver Gas and Electric Light Company, Denver, Colo., and The Western Light and Power Company, Boulder, Colo., into the Public Service Company of Colorado was effected during the year. This company is the largest gas and electric company in Colorado.

We quote the following from the annual report of Henry L. Doherty, president, to the stockholders:

"The Ohio Public Service Company practically com-

pleted the installation of a 20,000 K.W. turbine and auxiliary equipment at its Edgewater plant at Lorain, Ohio. The 132,000 volt steel tower transmission line from Warren through Alliance to Canton, Ohio, has been completed and another similar line connecting Lorain with Mansfield, Ohio, is nearing completion. By the development of its facilities the Ohio Public Service Company has been enabled to become a participant in an event epochal in character. Then large power companies have effected the connection of their systems for the interchange of power. These companies extend from the western border of Ohio to eastern Pennsylvania and include parts of West Virginia and Maryland, serving what is considered to be the heart of the industrial center of the United States. This arrangemen constitutes what might be considered the first step in the development of the super-power system.

"The new 30,000 K.W. turbine installation and necessary substation equipment at the Acme plant of The Toledo Edison Company, Toledo, Ohio, is practically ready for service. A 66,000 volt transmission line was completed connecting this company through the others mentioned above with this super-power system.

Late this autumn the oil properties were segregated from the utility properties, and henceforth will be operated independently by a new company affiliated with Cities Service.

### *Cleveland Electric Illuminating Company*

This corporation, controlled by North American Edison Company, which owns more than three-quarters of the common stock, serves the city of Cleveland and its suburbs with light, heat and power. Its territory covers an area of approximately 300 miles, and the company operates in 38 municipalities whose population is estimated in excess of 1,000,000.

Capital—$10,000,000 authorized, $5,655,300 outstanding 6 per cent preferred, par value $100; $18,000,000 authorized common, $15,045,300 outstanding.

Bonds—$18,500,000 first gold 5's due April 1, 1939. These bonds are callable at 107½ and interest, beginning April 1, 1924, and thereafter upon due notice on any interest date at a price decreasing ½ of 1 per cent until maturity.

$5,000,000 20-year sinking fund debenture 7's, maturing August 1, 1941.

EARNINGS

| | *1924 | Calendar Year 1923 | Calendar Year 1922 |
|---|---|---|---|
| Gross | $18,296,881 | $17,712,293 | $15,377,276 |
| Net | 8,543,433 | 8,233,079 | 6,606,950 |

*Twelve months ended October 31, 1924.

BALANCE SHEET CONDENSED

ASSETS

| | 12 months ended October 31, 1924 | Calendar Year 1923 |
|---|---|---|
| Plant Investment | $58,568,698 | $52,122,393 |
| Other Investment | 460,500 | 459.500 |
| Sinking Fund | 62,659 | 63,050 |
| Current Assets | 8,263,857 | 7,274,462 |
| Debt Discount and Exp. | 1,133,162 | 1,194,831 |
| Deferred charges | 1,183,582 | 469,916 |
| Total | $69,672,458 | $61,585,152 |

LIABILITIES

| | | |
|---|---|---|
| Preferred Stock | $10,800,000 | $20,486,000 |
| Common | 15,045,300 | ......... |
| Funded Debt | 23,500,000 | 23,500,000 |
| Current Liabilities | 831,484 | 724,573 |
| Accrued Liabilities | 2 340,778 | 3,686,986 |
| Reserves | 8,837,098 | 7,479,534 |
| Surplus | 8,317,798 | 5,707,059 |
| Total | $69,672,458 | $61,585,152 |

Officers—F. L. Dame, chairman of the board; Robert Lindsay, president and general manager; Charles W. Mills, vice-president and treasurer; E. G. Crawford, secretary; C. L. Mills, comptroller and assistant treasurer, and D. L. Bishop, auditor.

Directors—E. M. Bulkley, Harold T. Clark, F. M. Cobb, Robt. Lindsay, F. L. Dame, W. H. Fillmore and Edwin Gruhl.

Headquarters of the company are in the Illuminating Building, Cleveland, Ohio.

### *Columbia Gas & Electric Company*

Incorporated under the laws of West Virginia in 1906 this corporation owns 51 per cent of the $30,000,000 stock of United Fuel Gas Company which owns gas rights and oil rights in West Virginia and Kentucky, also a number of pipe lines. The corporation leases the Cincinnati Gas Transportation Company of which it owns $3,000,000 of the preferred stock. It owns also all the common stock of Union Gas & Electric Company of Cincinnati, Ohio Gas & Electric Company, Hamilton Service Company, the Loveland Light & Water Company, the Columbia Gas Supply Company and leases the Cincinnati Newport and Covington Light & Traction Company. Last February it acquired the Columbus Gas & Fuel Company, Federal Gas & Fuel Company, Springfield Gas Company and the Dayton Gas Company from the Pure Oil Company. Subsequently the Columbus Federal and Springfield companies were sold to the Ohic Fuel Company.

Capital—1,500,000 shares common stock no par value; $15,000,000 preferred stock, Series A, 7 per cent cumulative.

Bonds—$25,000,000 first mortgage 5's, $11,104,500 outstanding, due January 1, 1927. These bonds are secured by a first mortgage on all the property, real or personal, now owned or hereafter acquired. $2,589,368 debenture 5's due January 1, 1927. The corporation also has outstanding $1,700,000 Cincinnati Gas Transportation Company first mortgage 5's due January 1, 1933 and $1,314,000 Dayton Gas Company's first mortgage 5's, due March 1, 1930.

Dividends—There was paid on Series A preferred an initial dividend of $1.75 November 15, 1924. An initial dividend of 1 per cent was paid on the common stock May 15, 1917 which was raised to 1¼ per cent quarterly February 15, to Nov. 15, 1920. On January 25, 1920 an extra 1 per cent was paid on the common. In February, May, August and November 1921, 1½ per cent was paid; 1 per cent on February 15, 1922; 1½ per cent in May, August and November 1922 and February 23; on May 15, 1923 $1.95 and from August 15, 1923, to date 65 cents quarterly on the new shares of no par value. The common stock has no par value and the preferred has a par value of $100 a share.

EARNINGS

| | 9 Months Ended September 20 1924 | Calendar Year 1923 |
|---|---|---|
| Gross | $19,663,066 | $15,422,737 |
| Net | 8,391,339 | 7,102,971 |
| Other income | 1,634,745 | 1,439,373 |
| Total income | 10,026,084 | 8,542,344 |
| Rentals, fixed charges, etc. | 5,154,411 | 4,403,076 |
| Surplus available for dividends | 4,871,673 | 4,139,268 |

Officers—P. G. Gossler, President and Chairman; W. W. Freeman, H. G. Scott, H. A. Wallace, Vice Presidents; Polk Laffoon, Secretary and Assistant Treasurer; Edward Reynolds, Jr., Treasurer; A. Sherlock and H. M. Wade, Assistant Sec. and Treasurer.

Headquarters—Charlestown, West Virginia.

### *Columbus Electric & Power Company*

This corporation does the entire electric railway and lighting, gas and power business of Columbus, Georgia, and immediate adjoining towns. It controls hydro-electric plants, with a capacity in excess of 32,000 K. W. and a steam plant of 12,000 K. W. capacity. During the year the company proceeded with the construction of a dam at Bartlett's Ferry about 16 miles above Columbus, Georgia.

Capital—$2,572,800 common par value $100 outstanding; $927,200 first preferred cumulative 7 per cent stock par value $100 and $1,428,700 second preferred 7 per cent cumulative par value $100.

Bonds—$1,470,800 first and refunding mortgage 6's, Series A, due June 1, 1947; $3,584,600 Columbus Power first mortgage 5's maturing April 1, 1936. The Columbus Power Company bonds are callable as a whole or in part for sinking fund at 110 and interest on any interest date. Through a sinking fund of 1 per cent, which began April 1, 1912, $416,000 have been purchased and cancelled. The first and refunding mortgage 6's are callable after June 1, 1932, up to and including June 1, 1937, at 105 and thereafter at a premium decreasing ½ of 1 per cent for each year to 101 for year ended

June 1, 1945, and at par thereafter. A sinking fund of 2 per cent is in operation.

Dividends—Dividends on the first and second preferred are being paid regularly, and an initial dividend of $2.00 per share was paid on the common stock in October, 1922, which has been increased to 2½ per cent, the rate now prevailing.

EARNINGS

12 months ended August 31

| | 1924 | 1923 |
|---|---|---|
| Gross | $2,255,895 | $3,190,196 |
| Operating expenses and taxes | 1,192,845 | 1,061,513 |
| Net earnings | 1,067,050 | 1,128,683 |
| Interest and amortization | 271,769 | 272,801 |
| Surplus available for dividends, etc. | 795,281 | 855,882 |

### *Commonwealth Edison Company*

The 34,256 stockholders of Commonwealth Edison Co. can find no more complete accurate and interesting information concerning their corporation—nor can any other outsiders interested in Commonwealth Edison Co.—than in the annual Year Book issued a few weeks ago by this corporation. This book is a condensed record of the company's activities during 1923. It is a medium for thoroughly acquainting the stockholders with the great property in which they have ownership.

Statistics are more or less dry in their usual presentation. In this annual Year Book, however, presentation of the statistics of the Commonwealth Edison Co., showing its marvelous growth and development in the past 30 years, are presented in such a manner by the President, Samuel Insull, as to make them read like a romance. We cannot serve our readers better than to reprint in part this address delivered by Mr. Insull at the annual meeting of the stockholders on February 25, 1924, an address which was broadcasted by radiophone, leaving for those who find pleasure in analyzing, the study of the tables showing the comparative income and expense accounts and the balance sheet.

Said Mr. Insull:

"We have 8,642 employes, an increase during the past year of 1,544. One employe out of every three is a stockholder of the corporation.

"The Commonwealth Edison Company has 34,256 stockholders, 85 per cent of whom live in the city of Chicago and about 9 per cent reside in the state of Illinois, outside of Chicago. Ninety-six per cent of our stockholders own 90 per cent of the company's stock.

"We have a total of 688,155 customers, of whom 567,378 are residence customers, 119,095 occupy small stores and offices, and 1,682 are wholesale and industrial customers.

"The increase in the number of customers during the year amounted to 77,852.

"About 73 per cent of the number of families in the city of Chicago use electricity.

"Last year's business amounted to $49,136,042, an increase of $6,028,086 over the previous year.

"The $6,000,000 increase of last year will absorb between $25,000,000 and $30,000,000 of additional capital for the purpose of increasing our plants and distribution system.

"During the year 1924 we shall spend about $29,375,000 in new construction. Approximately $16,000,000 of this vast sum will be used in work at our new Crawford Avenue station and in adding to our other stations. The balance will be used for sub-stations, conduits, underground cables, overhead distribution, and 'services' to customers, meters and miscellaneous items.

"The load factor—that is, the ratio of the average load to the maximum load for the year—has improved just 50 per cent in the last 20 years; namely, from 31.7 per cent in 1903 to 47.5 per cent in 1923.

"This increase means that the company's machinery, in fact, all of the investment, is in use 50 per cent more hours on the average, and bringing in earnings 50 per cent more of the time, than the case 20 years ago.

"The output in 1923 was 860,000,000 kilowatt-hours greater than it would have been at the 1903 load factor. This additional output, based on our average rate of income, amounts to the vast sum of $16,130,000.

"Such a large income as we received—just under $50,000,000 in one year—requires great plant capacity. The present capacity of our plants is 758,140 kilowatts, and we are adding this year about 160,000 kilowatts, so that by the time 1924 closes we shall have 918,000 kilowatts of capacity.

"We are building one station, the Crawford Avenue Station, in which we expect to install this year generating units having 160,000 kilowatts capacity. When finished, this one station will have a capacity of at least 600,000 kilowatts.

"The Commonwealth Edison Company has the largest generating capacity and the largest maximum load of any single company in the world, the second being the New York Edison Company, and the third being the Hydro-Electric Power Commission of Ontario, Canada.

"I have not all the figures for the purpose of making the comparison for the winter of 1923-24, and so have to use the figures of 1922-23. In the winter of 1922-23, the Commonwealth Edison Company had a maximum load of 600,000 kilowatts, with a capacity of 663,000 kilowatts. The New York Edison Company had a maximum load of 497,600 kilowatts, with a capacity of 565,650 kilowatts. The Hydro-Electric Power Commission of Ontario had a maximum load of 460,470 kilowatts, and a capacity of 485,000 kilowatts.

"There is a distinction between maximum load and actual kilowatt-hour output. At the present time the largest output of any one company—that is, for the year 1923—is that of the Niagara Falls Power Company, which does business on the American side of the falls. Its output was 2,595,847,000 kilowatt-hours. Our output was 2,573,287,000 kilowatt-hours.

"Take our business in and around Chicago—and you cannot consider the business of the Commonwealth Edison Company within the city of Chicago without at the same time considering the business of the surrounding territory.

"For economic reasons, it is necessary that the various systems in a given territory be connected up closely so that they can interchange power wherever it is an economic thing for them to do. That is the situation here.

"Work is under way this year on a right-of-way for a 132,000-volt steel-tower, superpower transmission line and equipment from our new Calumet station, south of the city limits, to connect with a similar east and west super-power line feeding on the east the Northern Indiana Gas and Electric Company for supply to the steel district and even on the east of that, and also running west, to tie in with the Joliet (Plaines) generating station of the Public Service Company of Northern Illinois.

"This, and the 132,000-volt super-power line from Waukegan to Evanston, which latter is now in operation, represents marked progress toward a super-power ring around the city of Chicago.

"The great power districts of North America ranked about as follows in 1922:

"Niagara district, taking both the Canadian and the American sides of Niagara Falls, had a maximum of about 789,300 kilowatts and an output of upwards of 4,500,000,000 kilowatt-hours.

"Greater New York—and that includes not only Manhattan Island but the territory surrounding Manhattan Island, known as Greater New York—had a maximum of 1,063,000 kilowatts and an output for the year of 3,596,500,000 kilowatt hours.

"The Greater Chicago district—including the city of Chicago and adjoining territory north, west, east and south—had a maximum capacity of 718,000 kilowatts and an output of a little under 2,721,000,000 kilowatt-hours.

"Then there is a southeastern super-power system, including inter-connected systems of five companies in five different states, which have between them a maximum of 578,800 kilowatts and 2,360,000,000 kilowatt-hours of output.

"Also there is a Central California, or San Francisco district, including the Pacific Gas and Electric Company and the Great Western Power Company, which has a little under 400,000 kilowatts of maximum load and an output of about 2,200,000,000 kilowatt-hours.

"There has been a great deal of discussion in the daily newpaper and the magazines on the question of the development of power in very large quantities for the ben-

efit of industry, the arts, and the private homes of the people.

"I have had some comparisons made of the length of transmission line, generating capacity and kilowatt capacity per capita and miles of line per square mile of area.

"I find that Illinois has 6,282 miles of transmission lines, It has a total generating capacity of a little under 1,225,000 kilowatts. It has a population of a little over 6,000,000 people, with an area of about 56,000 square miles.

"Its kilowatt capacity per capita is .187, and the miles of line per square mile of area is .112.

"New York state's rank in kilowatt capacity per capita is a little lower, and in miles of line per square mile of area, still lower.

"California, on account of its being so sparsely settled, as compared with New York state and Illinois, has a large kilowatt capacity per capita, i. e., .351, but it has a very low mileage of line per square mile of area, i. e., 029.

"Take the Chicago area—say, within a radium of 150 miles of Chicago—and the kilowatt capacity per capita is .194, the miles of transmission line per square mile of area being .163.

"New York City and surrounding country within a radius of 150 miles, has .166 kilowatts capacity per capita and .144 miles of line per square mile of area, comparing with the figures of .194 and .163, respectively, for the Chicago district."

Mr. Insull mentioned a new station being built on Crawford avenue at the Drainage Canal where the Commonwealth Edison is installing 160,000 kilowatts as a starter. he also referred to new features which are expected to result in material improvement in economy, for instance; higher steam pressure, air heaters, interstage reheating and "bleeding" of steam from different stages of the main turbine for feed-water heating and the use of electric driven auxiliary apparatus throughout. He also referred to the employes' savings fund and stated that by July 1, 1924, there will be to the credit of the employes, 2,727 who have subscribed, $1,113,000 made up of actual contributions paid in month by month from their salaries and of interest that has accrued during the period of five years, and concluded as follows:

"It makes the employe feel as he ought to feel—that the corporation is his corporation; that in working for it he is not only working for the daily wage or the weekly wage or the monthly wage that he obtains, but he is laying up a fund for the rainy day and to take care of those dependent on him when he is gone.

"The man or woman, boy or girl, who is actuated by such motives of thrift, must be a better employe, must give a far greater return to the proprietors—of which he or she is one—of a corporation of this kind than can possibly be given by men and women and boys and girls who have no participation in the earnings of the property."

As of December 31, 1923, Commonwealth Edison Co. had 12 generating stations; it had also 72 substations and six Commonwealth Edison electric shops where customers may pay bills, obtain lamp renewals and purchase electrical merchandise. Much more might be said of Commonwealth Edison, but again we must refer our readers to the Year Book, referred to above.

Following is the comparative income account for years ended December 31:

| | 1923 | 1922 |
|---|---|---|
| Electric operating revenues | $ 49,136,041 | $ 43,107,955 |
| Less electric operating expenses (including amortization and depreciation) | 31,583,422 | 28,418,946 |
| Net electric operating revenues | $ 17,552,619 | $ 14,689.008 |
| Less charges, inc. taxes, etc. | 5,877,306 | 4,849,030 |
| Net operating income | $ 11,675,313 | $ 9,839,978 |
| Other income | 557.270 | 687,564 |
| Gross income | $ 12,232,583 | $ 10,527,543 |
| Deductions from gross income | 1,627,852 | 1,202,946 |
| | $ 10,604,731 | $ 9 324,596 |
| Interest on funded debt | 3,052,613 | 3,048,222 |
| Net income | $ 7,552,118 | $ 6,276 374 |
| Surplus unappropriated Jan. 1 | 10,608,465 | 9,183,217 |
| Adjustment of charges | .......... | 99,578 |
| | $ 10,608,465 | $ 9,083,638 |

| | 1923 | 1922 |
|---|---|---|
| Transferred from net income | $ 7,552,118 | $ 6,276,374 |
| Less dividends paid during year | 5,389,002 | 4,602,416 |
| | $ 2,163,116 | $ 1,673,958 |
| | 12,771,581 | 10,757,597 |
| Less sur. app. to other reserves and miscl. ded. | 68,268 | 149,131 |
| | $ 12,703,313 | $ 10,608,465 |

The balance sheets for years ended December 31, contrast as follows:

| ASSETS | 1923 | 1922 |
|---|---|---|
| Plant, equipment and investments | $171,784,534 | $147,886,420 |
| Current assets | 16,169,541 | 13,618,602 |
| Prepaid accounts | 734,804 | 638,602 |
| Unadjusted debits | 3,973,007 | 2,618,394 |
| Treasury securities | 218,500 | .......... |
| Total reserve funds | 2,504,957 | 2,179,688 |
| | $195,385,343 | $166,941,708 |
| LIABILITIES | | |
| Capital stock | $ 72,000,000 | $ 60,000,000 |
| Subscriptions to capital stock | .......... | 21,000 |
| Five per cent first mort. bonds of Com. Edi. Co. | 45,774,000 | 45,774,000 |
| Five per cent first mortgage gold bonds of the Commonwealth Electric Co. | 8,000,000 | 8,000,000 |
| Six per cent first mortgage gold bonds of the Commonwealth Edison Co. | 6,000 000 | 6,000,000 |
| Other bonds and notes | 15,000,000 | .......... |
| Total capital liabilities | $146,774,000 | $119,795,000 |
| Current liabilities | 3,351,419 | *7,759,623 |
| Accrued liabilities | 6,697,788 | 5,259,389 |
| Unadjusted credits | 1,626,474 | 1,251,704 |
| Total reserves | 24,232,350 | 22,267,526 |
| Surplus unappropriated | 12,703,312 | 10,608,465 |
| | $195,385,343 | $166,941,708 |

*Subsequent to Dec. 31, 1922, the bank loans amounting to $4,500,000 have been paid off.

Directors—Henry A. Blair, Watson F. Blair, Benjamin Carpenter, Robert T. Lincoln, John J. Mitchell, James A. Patten, John G. Shedd, Solomon A. Smith, Samuel Insull.

Officers—Samuel Insull, president; Louis A. Ferguson, vice-president; John F. Gilchrist, vice-president; William A. Fox, vice-president; John H. Gulick, vice-president; Edward J. Doyle, secretary and treasurer; John W. Evers, Jr., assistant secretary and treasurer; George E. Burns, assistant treasurer; George W. Williamson, assistant treasurer; Robert L. Elliott, assistant secretary; Richard Mueller, assistant secretary; Henry E. Addenbrooke, auditor; David Levine, assistant auditor; Thomas J. Walsh, assistant auditor.

### *Commonwealth Power Corporation*

Through the ownership of all the common stocks, the Commonwealth Power Corporation controls the following companies serving over 240 cities and towns with a population, based on 1920 census, of more than 1,200,000, located in four contiguous important industrial and agricultural states—Michigan, Ohio, Indiana and Illinois. The corporation also owns $5,000,000 par value of preferred stocks and bonds of some of such companies:

Consumers Power Company.
Central Illinois Light Company.
Illinois Power Company.
Illinois Electric Power Company.
Southern Indiana Gas & Electric Company.
Utilities Coal Corporation.
The Ohio Edison Company.
United Appliance Company.

**Territory**—Among the 240 cities and towns served are the cities of Grand Rapids, Jackson, Lansing, Kalamazoo, Muskegon, Pontiac, Battle Creek, Cadillac, Bay City and Saginaw, Michigan; Springfield, Urbana and Marysville, Ohio; Evansville and Mount Vernon, Indiana; and Peoria, Springfield, DeKalb and Sycamore, Illinois. The many industries served are varied in character and include the manufacture of farming implements, furniture, food products, automobiles and their accessories, motor trucks, foundry and machine shop products, gas engines, paper, building materials, clothing and other essential industries.

| | Outstanding |
|---|---|
| Capital stock—Preferred stock 6% cumulative | *$27,000,000 |
| Common stock (without par value), shares | *210,000 |
| Options to purchase common stock at $100 per share expiring November 1, 1926, shares | *30,000 |
| Funded Debt—25-year 6% secured S. F. gold bonds due May 15, 1947 | 10,876,900 |
| General lien and refunding Series A 5% due July 1, 1939 | 2,255,500 |
| General lien and refunding Series B 6% due July 1, 1972 | 1;099,000 |

*Includes 1,272 shares preferred and 424 shares common stock and options for 1,272 shares common stock subscribed for but unissued.

**Water Power Reserves**—The water power properties enjoy natural advantages that are possessed by few other

systems. They are situated on rivers with remarkably regular stream flow, rendering unnecessary the construction of large storage reservoirs for regulating seasonal variations. In addition to the large water power facilities already developed, the properties include the major part of lands and flowage rights in Michigan necessary for the development of additional hydro-electric generating capacity to the amount of over 200,000 horsepower. Ample reserves are thus provided for future development to supply the constantly increasing demand for electric light, heat and power.

GROWTH OF BUSINESS

| | Electric in Sales K. W. H. | Electric Customers | Gas Sales in Cu. Ft. | Gas Customers |
|---|---|---|---|---|
| 1920 | 513,048,858 | 173,746 | 3,818,162,700 | 103.776 |
| 1921 | 419,095,767 | 190,470 | 3,549,697,100 | 105,365 |
| 1922 | 491,257,792 | 213,737 | 3,807,422,300 | 111,513 |
| 1923 | 629,218,727 | 258,112 | 4,249,271,600 | 119 103 |
| 1924 (year ended Oct. 31) | 647,177,396 | 281,678 | 4,349,792,800 | 125,631 |

COMBINED EARNINGS

(Commonwealth Power Corporation and Subsidiary Companies)

| Twelve months ended October 31— | 1923 | 1924 |
|---|---|---|
| Gross earnings | $29,309,002 | $31,605,994 |
| Operating expenses, incl. taxes and maintenance | 17,840,904 | 18,853,848 |
| Net earnings | $11,468,098 | $12,752,146 |
| *Fixed charges | .......... | 6,897,662 |
| Balance available for divs., dep., etc. | ........ | $ 5,854,484 |
| Annual dividends on $27,000,000 pfd. stock | ........ | 1,620,000 |
| Balance | ........ | $ 4,234,484 |

*Includes interest, amortization of debt discount and dividends on preferred stocks of subsidiary companies in the hands of the public.

Balance available for dividends, depreciation, etc., was equivalent to over 3½ times the annual dividend requirements on the preferred stock and $21.04 on the common stock.

**Sources of Revenue**—Over 63 per cent of the gross earnings of the properties of this corporation are contributed by the electric department. The interesting fact about this phase of the business is the evenly balanced character of service rendered. About one-half is utilized for lighting, which is divided almost equally between residence and commercial lighting, and the other half is used principally for power, a small part being delivered to electric railways and other public utilities.

About 18 per cent of the gross earnings are derived from the sale of gas, practically all of which is used as fuel for household and industrial purposes. Owing to the numerous developments that have taken place in the gas industry during recent years, new demands have been created which have resulted in large increases in sales.

About 14 per cent of the gross earnings are derived from the Heating, Water, Coal and Appliance Departments, and the Electric Railways make up the remaining 5 per cent. These proportions are significant when it is realized that of all the above services the Electric Department represents the most rapidly growing branch of the business.

**Properties**—A summary of the properties, electric and gas customers served, sales and other salient facts follow:

**Electric**—25 hydro-electric plants; 15 steam electric plants; 381,500 H. P. installed generating capacity; 92,500 H. P. additional capacity under construction; 2,000 miles high tension transmission lines; 281,000 electric customers; 647,177,396 k. w. h. sales of electricity.

**Gas**—11 Gas plants; 35 gas holders; 32,275,000 cu. ft. installed daily manufacturing capacity; 15,178,000 cu. ft. storage capacity; 1,235 miles of gas mains; 125,000 gas customers; 4,349,792,800 cu. ft. sales of gas.

The properties also include 11 heating plants with 21.6 miles of steam and hot water mains, one water plant, street railway systems in Springfield, Illinois, and Evansville, Indiana, and an interurban line from Evansville to Patoka, Indiana. Coal mines, owned and operated in West Virginia, Kentucky and Illinois provide in part the requirements of the electric and gas plants.

The physical properties embody the best principles of modern design and substantial construction, allowing efficient operation. The electric and gas plants are so advantageously located with respect to adequate supplies of water and coal that economical generation and distribution is realized. The Company is making extensive additions to its electric and gas properties which, with the steadily increasing demand for service, assure continued growth of business and greater earning power.



**Management** — The management of Commonwealth Power Corporation is under the direction of experienced public utility operators who have been identified with the various properties for many years. The Board of Directors includes A. G. Hodenpyl, Geo. E. Hardy, B. C. Cobb, J. C. Weadock and Jacob Hekma of Hodenpyl, Hardy & Company, Inc., New York; E. W. Clark, C. M. Clark and E. W. Clark, 3rd, of E. W. Clark & Company, Philadelphia; A. A. Tilney, President, Bankers Trust Company, New York; Ralph Stone, President, Detroit Trust Company; L. H. Withey, Chairman of the Board, Michigan Trust Company, Grand Rapids; Clay H. Hollister, President, The Old National Bank, Grand Rapids; L. K. Thorne, President, and A. L. Loomis, Vice-President, Bonbright & Company, Inc., New York; Earl S. Coleman, Richardson & Clark, Providence, R. I., and W. M. Flook, President of The Tennessee Electric Power Company, New York.

### *Consumers Power Company*

This is the most important subsidiary of Commonwealth Power Corporation which owns all of the common stock. This company was incorporated under the laws of Maine in 1910, and last November merged the following companies which were previously controlled by stock ownership: Commonwealth Power Company, Grand Rapids-Muskegon Power Company, Grand Rapids Edison Company, Consumers Power Company of Michigan, Economy Power Company, Pontiac Power Company, Saginaw Power Company, Bay City Power Company, Flint Electric Company, Au Sable Electric Company and Central Power Company. In consequence of this merger, the Consumers Power Company of Maine was made an operating company instead of a holding company. In 1916, the Cadillac Water & Light Company and the electric property of the Manistee Power & Light Company were


System of the
COMMONWEALTH POWER CORPORATION
LEGEND
Electric Transmission Lines in Service
Water Power Generating Plants
Steam Generating Plants
Electric Service
Gas Service
Heating Service
Water Service
Street Railway Service
Interurban Railways
Coal Mines
Other Companies Lines to which Power is furnished
Proposed or under Construction
LAKE SUPERIOR
CANADA
MICHIGAN
LAKE MICHIGAN
LAKE HURON
LAKE ERIE
North Channel
WISCONSIN
IOWA
ILLINOIS
INDIANA
OHIO
KENTUCKY
MISSOURI
W. VA.
N
Marquette
Munising
Sault Ste Marie
Manistique
Escanaba
St. Ignace
Cheboygan
Alpena
Gaylord
Traverse City
Manistee
Cadillac
Muskegon
Grand Rapids
Lowell
Alma
Saginaw
Bay City
Flint
Lansing
Pontiac
Detroit
Port Huron
Sandusky
Kalamazoo
Battle Creek
Jackson
Toledo
La Crosse
Fond du Lac
Sheboygan
Watertown
Madison
Milwaukee
Racine
Kenosha
Janesville
Dubuque
Freeport
Waukegan
Sycamore
De Kalb
Chicago
Benton Harbor
Michigan City
South Bend
Gary
Davenport
Rock Island
Joliet
Plymouth
Kankakee
Rochester
Fort Wayne
Logansport
Peoria
Pekin
Eureka
Deer Creek
Springfield
Decatur
Danville
Lafayette
Frankfort
Muncie
Crawfordsville
Indianapolis
Richmond
Terre Haute
Mattoon
Carlinsville
Bloomington
Lima
Marion
West Mansfield
Urbana
Columbus
London
Hamilton
Cincinnati
Covington
Portsmouth
Maysville
Ashland
Alton
St. Louis
E St. Louis
Centralia
Vincennes
Winslow
Evansville
Henderson
Owensboro
Madison
Louisville
Frankfort
Lexington
Murphysboro
Cape Girardeau
Cairo
Paducah
Bowling Green
Hopkinsville
Danville
Switzer Mines
Kentucky King Mine
Scale of Miles
0 25 50 75 100

acquired. In 1923, the Thornapple Gas & Electric Company was acquired and it has been reported that the Citizens Electric Company of Battle Creek, and the Central Michigan Light & Power Company also have been absorbed.

Capital—As of September 30, 1924, the corporation had $17,804,300 common stock outstanding; $12,759,200 6 per cent cumulative preferred; $9,333,700 of 6.6 per cent cumulative preferred; $3,321,700 of 7 per cent cumulative preferred stock. On October 24, 1924, stockholders voted to change the 200,000 shares of authorized common stock, par $100 each, to 1,400,000 shares of authorized common stock of no par value; they also authorized the issue of seven shares thereof in exchange for each share of common stock of a par value of $100 each; they voted to increase the capital stock by increasing the authorized number of shares of preferred stock from 300,000 to 500,000 shares and also voted to increase the number of shares of common stock having no par value from 1,400,000 to 2,000,000 shares.

Bonds—$22,254,000 outstanding first lien and refunding mortgage 5's due January 1, 1936; $8,500,000 first lien and refunding mortgage 5½'s, Series D maturing May 1, 1954; $17,074,600 first lien and unifying mortgage 5's, Series C, due November 1, 1952; $2,512,000 Michigan Light first and refunding mortgage 5's, due March 1, 1946; $493,500 Flint Gas Company first mortgage 5's, due November 1, 1924; $340,000 Jackson Gas Company mortgage 5's, maturing April 1, 1937; $179,000 Pontiac Light Company consolidated mortgage 5's; $1,070,000 Commonwealth Power first mortgage 5's, due December 1, 1924; $374,000 Grand Rapids-Muskegon Power first 5's, due March 1, 1931 and $109,000 Cadillac Water and Light first mortgage 5's due September 1, 1925.

Dividends have been paid regularly on the preferred shares since organization.

Officers—B. C. Cobb, president; E. W. Clark, Geo. F. Hardy, C. W. Tippy, T. A. Kenney, W. A. Barthold, W. W. Tefft, F. W. Hoover, vice-presidents; C. E. Rowe, treasurer; Robert Davey, secretary.

### *Continental Power & Light Company*

This corporation owns over 98 per cent of the entire outstanding capital stock of the Moncton Tramways Electricity and Gas Company, Ltd. It furnishes, without competition, the entire commercial and domestic electric light and power and street railway service in Moncton, New Brunswick, serving a population estimated at over 32,000.

Capital—300,000 shares 7 per cent cumulative preferred stock, 10,000 shares common stock, no par value.

Bonds—$880,000 3-year 6 per cent gold notes maturing October 31, 1927.

EARNINGS

12 months ended September 30, 1924

| | |
|---|---|
| Gross earnings | $526,012 |
| Operating expenses and taxes (including current maintenance and income taxes) | 349,620 |
| Net earnings | $176 392 |
| Annual interest charges on funded debt of operating companies | 10,950 |
| Balance | $165,442 |
| Earnings applicable to securities to be owned by Continental Power & Light Company | 162,442 |
| Annual interest charges on $880,000 6% gold notes (this issue) | 52,800 |

The franchises under which the properties are operated are satisfactory and without burdensome restrictions.

### *Detroit United Railway*

This company, incorporated in Michigan in 1900, took over the franchises and properties of the Detroit Citizens' Street Railway, the Detroit Electric Railway, the Detroit, Fort Wayne & Belle Isle and the Detroit Suburban. Subsequently, the corporation sold the Detroit United Railway to the City of Detroit. The corporation operates an electric interurban and street railroad, the interurban lines connecting the cities of Detroit with Toledo, Ohio, and with Flint, Ann Arbor, Jackson and Port Huron and other important cities in Michigan, serving communities with an estimated population approximating 1,000,000.

Capital—$15,375,000 stock, par value $100, authorized and outstanding.

Bonds—$12,150,000 outstanding of an authorized $25,-000,000 first consolidated mortgage 4½'s, maturing January 1, 1932; $9,000,000 first mortgage and collateral trust sinking fund 6's, due July 1, 1929. Of the $25,000,000 first consolidated mortgage bonds authorized, $7,005,000 are reserved to retire underlying liens; $1,844,000 are deposited as collateral for liens. These bonds are callable at 105 and interest on any interest date on 60 days' notice. The first mortgage and collateral trust sinking fund 5-year 6's are callable, all or in part, on any interest date, on 30 days' notice at 103 and interest, to and including July 1, 1926. Thereafter at ½ of 1 per cent decrease for each six months elapsed to maturity. There was recently offered $1,000,000 general equipment trust 6 per cent certificates, Series A.

EARNINGS

The following are the earnings for the six months ended June 30, 1924:

| | |
|---|---|
| Gross earnings from operations | $4,361,653 |
| Net from operations | 585,597 |
| Other income | 419,319 |
| Net available for interest, taxes and depreciation | 1,004,916 |
| Fixed charges, including taxes | 771,113 |
| Surplus | 223,802 |

Earnings for the six months of 1924 were made notwithstanding severe bus competition which resulted in lowering of rates on a number of the lines to 1 cent per car miles and the maintenance of a frequency of service altogether out of proportion to traffic requirements. This competition now has been overcome and the laws of the state of Michigan provide that the railway is entitled to put into effect rates that will bring in return 7 per cent on the investment after operating expenses, maintenance and 2 per cent depreciation.

### *The Detroit Edison Company*

This is one of the most important public utility corporations of the middle west, distributing electric power for lighting and industrial business. It was incorporated in 1903, owns the capital stock of the Edison Illuminating Company of Detroit, the Peninsular Electric Light Company, the Port Huron Gas & Electric Company and Delray Terminal Railway Company. Among the cities it supplies with electric lighting and power are: Detroit, Ann Arbor, Port Huron, Ypsilanti and a number of incorporated and unincorporated communities in 116 townships of Michigan.

Capital—$85,000,000 authorized common, $55,337,000 out-

standing, par value $100. On this stock, dividends at the rate of 8 per cent annually are paid.

Bonds—$10,000,000 authorized and outstanding first mortgage 5's, maturing January 1, 1933; $75,000,000 first and refunding mortgage, of which $16,665,000 Series A, and $18,319,000, Series B, are outstanding, maturing July 1, 1940; $12,500,000 general and refunding mortgage 5's, due October 1, 1949. The corporation also has outstanding the following convertible debentures: $80,500 6's, due January 1, 1925; $1,641,400 7's, maturing January 15, 1928; $1,585,800 7's, maturing February 1, 1929; $3,967,500 7's, maturing March 1, 1930; $5,448,800 8's, maturing January 10, 1931; $6,836,800 6's, maturing December 15, 1932 and $4,000,000 Eastern Michigan Edison first mortgage 5's, maturing November 1, 1931. The general and refunding mortgage 5's, Series A, are secured by pledge of $12,500,000 first and refunding mortgage bonds and are callable at 107½ and interest for the first ten years; at 105 and interest for the next five years, the premium thereafter being reduced ½ of 1 per cent for the last two years. The debentures, maturing 1925, have all been converted into stock, with the exception of $80,500, as already stated. Those of 1918 are still convertible if callable, while the series of 1932 will be convertible at par from December 15, 1924, to June 15, 1932, into fully paid shares of the capital stock of the company. The Eastern Michigan Edison Company's first mortgage bonds are callable at 110.

Dividends on the stock have been paid as follows: 1909, 4 per cent; 1910, 5 per cent; 1911 to 1915, 7 per cent, annually 1916 to date, 8 per cent annually.

EARNINGS

| | 10 Months Ended October 31 1924 | Calendar Year 1923 |
|---|---|---|
| Gross | $27,653,528 | $31,724,185 |
| Net after taxes | 7,883,862 | 9,359,726 |
| Fixed charges | 3,412,300 | 3,866,916 |
| Surplus | 4,471,562 | *1,482,664 |

*After other deductions and dividends.

Officers—Alex Dow, President; Alfred Jaretzki, A. C. Marshall, Jas. V. Oxtoby, S. M. Sheridan, Vice-Presidents; J. P. Fogarty, Secretary and Assistant Treasurer; Samuel C. Mumford, Treasurer and Assistant Secretary.

General offices of the Company are in Detroit, and an office is also operated at 60 Broadway, New York City.

### *Eastern Wisconsin Electric Co.*

THE Eastern Wisconsin Electric Co. supplies several communities about the southern end of Lake Winnebago and a few in the vicinity of Sheboygan with gas and electricity. It also operates interurban railways, which connect Fond du Lac, Neenah and Oshkosh, and Plymouth and Sheboygan.

The Funded Debt includes $1,516,500 Sheboygan Electric Co. ref. 5s, $1,124,500 1st and ref. 5s, less collateral, $2,048,000 1st lien and ref. 6s, series "A," and $1,182,000 1st lien and ref. 6½s, series "B," aggregating $5,871,000.

In his statement to the stockholders, President Marshall Sampsell said, in part:

"The gross earnings for the year 1923 shows an increase of $283,328 over those of 1922. The total connected load on the Company's system is now 30,768 horsepower, serving an increase of 1,677 customers. In 1923 the Company purchased real estate at Plymouth to provide space for an additional substation, and installed about 19 miles of high voltage transmission lines, and 20 miles of low voltage lines for local distribution. It also laid 18,872 feet of gas mains in Fond du Lac. The Plymouth substation connects the Fond du Lac-Sheboygan 66,000-volt line of the Company to the 132,000-volt line of the Milwaukee Electric Railway and Light Co.

"Five new one-man light-weight double-truck interurban cars were put into service between Fond du Lac and Neenah, and contract made for the purchase of four cars of similar type. Four de luxe coaches and three motor buses were put in service as feeders to the railway systems, and to protect them from bus competition.

"The Company also improved its Sheboygan steam generating plant, and enlarged its gas plant at Fond du Lac."

Earnings and expenses for the year were as follows:

| | |
|---|---|
| Gross income | $ 1,959,140 |
| Total expenses | 1,330,394 |
| Gross net income | $ 628,746 |
| Interest on funded debt | 325,142 |
| | $ 303,604 |
| General interest and amortization of bond discount and of property | 90,532 |
| | $ 213,072 |
| Dividends paid and accrued for the year on 7% preferred stock | 106,465 |
| | $ 106,607 |
| Dividends paid on common stock | 69,000 |
| Balance carried to surplus | $ 37,607 |

Directors: Britton I. Budd, Martin J. Insull, Leroy J. Clark, Morris F. LaCroix, G. C. Neff, W. G. Sharp, Marshall E. Sampsell.

Officers: Marshal E. Sampsell, president; G. C. Neff, vice-president; Douglas Shaw, treasurer and assistant secretary; Leroy J. Clark, secretary and assistant treasurer; Joseph E. Gray, auditor.

### *Federal Light & Traction Company*

This corporation operates a number of electric light and power companies located in New Mexico, Arkansas, Arizona, serving, among other cities, Albuquerque, Deming and Las Vegas, New Mexico; Tucson, Arizona, Aberdeen, Cosmopolis, Sheridan, Rawlins, Wyo.; Springfield, Missouri; Trinidad and Walsenburg, Colorado; Hot Springs, Arkansas, etc.

Capital—$5,500,000 authorized, $3,693,282 outstanding preferred 6 per cent cumulative, par value $100; 85,000 shares authorized, 54,500 outstanding common stock, no par value. The preferred stock receives 6 per cent stock dividends annually, payable quarterly, and an initial quarterly cash dividend of 75 cents per share was declared on the common stock February, 1921.

Bonds—$3,738,500 first lien and sinking fund 5's maturing March 1, 1942; $2,482,000 first lien sinking fund stamped

6's due March 1, 1942. These bonds are redeemable as a whole at 102 and interest on any interest date upon three months' notice secured by deposit of stock, bonds and other fixed obligations of subsidiary companies.

EARNINGS

| | 12 months ended Sept. 30 1924 | Calendar Year 1923 |
|---|---|---|
| Gross | $5,602,296 | $5,510,876 |
| Net, after taxes | 2,129,060 | 2,084,940 |
| *Fixed charges | 735,235 | 953,449 |
| Surplus | 1,393,825 | 131,489 |

*Including dividends.

BALANCE SHEET
As of December 31
ASSETS

| | 1923 |
|---|---|
| Plant, etc. | $27,602,623 |
| Investments | 85,554 |
| Cash | 787,250 |
| Receivables | 674,800 |
| Inventories | 453,886 |
| Unamortized Debt | 1,104,091 |
| Unadjusted Items | 136,522 |
| | $30,844,727 |

LIABILITIES

| | |
|---|---|
| Capital Stock | $ 9,735,132 |
| Funded Debt | 13,567,100 |
| Accounts Payable | 554,661 |
| Accrued Items | 623,826 |
| Reserves | 3,765,130 |
| Surplus | 2,598,878 |
| | $30,844,727 |

### *Florida Public Service Company*

This corporation, incorporated in 1908 as the Deland Electric Light, Power & Ice Company, has acquired four other companies in central Florida, supplying electric light and power in twenty-one communities adjacent and contiguous to Deland. The territory served by this corporation has a permanent population of approximately 40,000 which is greatly augmented during the winter months by a large number of winter residents.

Capital—950,000 shares cumulative 7 per cent preferred stock; 10,000 shares of common stock of no par value.

Bonds—$1,550,000 first mortgage 6½'s, Series A, maturing February 1, 1949. These bonds are secured by a direct first mortgage on all the fixed property of the company the value of which is appraised in excess of $2,000,000; $550,000 10-year secured 7's.

EARNINGS
12 months ended June 30, 1924

| | |
|---|---|
| Gross earnings | $694.926 |
| Operating expenses and taxes | 492,486 |
| Net earnings | 202,440 |

This corporation is controlled by General Gas & Electric Corporation. It has 144 miles of electric distribution lines, 62 miles of electric transmission lines and 12 miles of water mains.

### *Illinois Bell Telephone Co.*

The Illinois Bell Telephone Co. is the title adopted by the former Chicago Telephone Co. which was incorporated in 1881. Through ownership of 98 per cent of the stock, the American Telephone and Telegraph Co. is the controlling power. On November 30, 1920, the Illinois Bell purchased the entire telephone property of the Central Union Telephone Co. of Illinois and now owns and operates the Bell system in Chicago and the greater part of the state of Illinois. The City of Chicago has the right to purchase at stated times the property within the city limits at the then cost of duplication, plus 5 per cent. Three per cent of the company's gross receipts is paid to the city annually as a tax on earnings. Rates are set by the Illinois Commerce Commission.

The Illinois Bell Telephone Co., as of December 31, 1923, was capitalized at $60,087,750 common stock of a par value of $100 of which 99 per cent was owned by the American Telephone and Telegraph Co. The only funded debt consists of $49,817,000 first and refunding mortgage 5's. Series A, dated June 1, 1923, maturing June 1, 1956. These bonds appearing in denominations of $1,000, $500 and $100 are redeemable as a whole only on June 1, 1929, or any interest date thereafter on 60 days notice at the following price and accrued interest either on or prior to December 1, 1952 at 105 and if subsequently at par. There are neither prior nor junior liens.

The balance sheet as of December 31, compares as follows:

| ASSETS | 1923 | 1922 |
|---|---|---|
| Intangible capital | $ 42,639 | $ 42,639 |
| Plant, land and building | 143,502,090 | 130,554,375 |
| General equipment | 2,481,994 | 2,222,749 |
| Investments | 398,149 | 339,770 |
| Cash, accounts receivable and other working assets | 19,581,481 | 7,497,907 |
| Accrued income not due | 146,182 | 462,941 |
| Deferred debits | ........ | 4,825,030 |
| Total | $170,977,565 | $141,120,384 |
| LIABILITIES | | |
| Capital stock (including $7,930,020 capital stock installments) | $ 68,017,520 | $ 60,000,000 |
| Premiums on capital stock | 2,911 | 2,911 |
| Funded debt | 49,992,700 | 34,884,179 |
| Accounts payable | 3,655,064 | 2,754,294 |
| Accrued liabilities not due | 4,670,118 | 4,114,610 |
| Deferred credit items | 1,463,920 | 1,879,899 |
| Reserve for accrued depreciation, etc. | 37,575,005 | 33,522,899 |
| Corporate surplus | 3,600,327 | 3,961,666 |
| Total | $170,977,565 | $141,120,384 |

Directors: Bernard E. Sunny, chairman; W. R. Abbott, Edgar S. Bloom, D. Mark Cummings, David R. Forgan, Marvin Hughitt, Chauncey Keep, Wm. H. Miner, John J. Mitchell, Theodore W. Robinson, H. B. Thayer.

Officers: W. R. Abbott, president; F. O. Hale, vice-president and general manager; B. S. Garvey, vice-president; E. G. Drew, secretary; W. J. Boyd, treasurer; U. F. Cleveland, general auditor; G. W. McRae, chief engineer.

### *Illinois Northern Utilities Co.*

The Illinois Northern Utilities is a consolidation of companies furnishing electricity, gas and traction facilities to a group of counties stretching diagonally across the northern part of Illinois, and along the Rock river from McHenry county to the Mississippi. Headquarters are at Dixon. The territory adjoins that of the Public Service Co. of Northern Illinois, and the companies controlled by Middle West Utilities Co. The corporation has electric generating stations at Dixon, Sterling, Oregon, Freeport, Aledo and Brown's Mill. It is supplying with electricity 77 communities, and gives wholesale service to the cities of Marengo and Oakville, Iowa. It has also 7 gas generating plants serving the cities of Sterling, Dixon, Belvidere, Morrison, DeKalb, Mendota and Geneseo.

As of December 31, 1923, the corporation had outstanding $3,414,800 of preferred stock, $250,000 of second preferred and $4,635,000 of common, making total capital stock outstanding $8,299,800. Preferred stock sold and undelivered as of above date $165,100. The funded debt aggregates $6,769,000 including $6,000,000 of first and refunding mortgage 5s.

In his annual report for year ended Dec. 31, 1923, to stockholders, President Samuel Insull said, in part:

"Gross earnings of the company for 1923 were $2,344,643.44. This, compared with the corresponding figure of $2,129,276.38 for 1922, shows an increase for the year of $215,367.06, or 10.1 per cent.

"The operating expenses for 1923 (including taxes and depreciation) amounted to $1,489,623.40. This, compared with the corresponding expenditure for 1922, which was $1,421,591.26, shows an increase of $68,032.14, or 4.8 per cent.

"Total output of electrical energy was 40,050,168 kilowatt-hours in 1923, an increase of 13.3 per cent over the preceding year. Gas sendout amounted to 291,519,000 cubic feet, an increase of 6.8 per cent for the year.

"The number of customers served with electricity at the close of the year was 32,045, a gain of 2,697 over the previous year, and 11,603 consumers were served with gas, a gain of 429 for the year.

"During 1923, the company sold $447,000 of its first and refunding five per cent mortgage bonds and $200,000 of preferred stock, for the purpose of making the necessary extensions and additions to its property. In addition, the company sold $201,000 of preferred capital stock and retired $201,000 of its six per cent general mortgage bonds.

"The extensive electric transmission-line building program started in 1922 has been carried through to completion. The line from Dixon to Belvidere went into service on March 11 and the extension from Leaf river to Freeport on August 1. These circuits greatly increased the company's power-transmission capacity and also permitted the complete shutting down of the emergency steam generating plants at Belvidere and Freeport.

"Customer ownership policy has been continued with considerable success. During the year the company added 881 stockholders to its books, bringing the total number of stockholders up to 2,358 on Dec. 31, 1923. In addition, 929 persons have subscribed for stock on a monthly payment basis."

The income account for the year ended Dec. 31, 1923, including earnings and expenses of Sterling, Dixon & Eastern Electric Railway Co., compares as follows with the previous year:

| | 1923 | 1922 |
|---|---|---|
| Gross earnings, including merchandise sales, etc. | $2,344,643 | $2,129,276 |
| Operating expenses, including taxes, etc. | 1,489,263 | 1,421,591 |
| Net earnings | 855,020 | 707,685 |
| Less interest on bonds, notes, etc. | 407,057 | 406,846 |
| Net income | 447,963 | 300,839 |
| Dividends paid, preferred stock | 199,703 | 174,362 |
| Second preferred stock | 15,000 | 15,000 |
| Common stock | 139,050 | ....... |
| Surplus for year | 94,210 | 111,473 |

The balance sheet for year ended Dec. 31, 1923, compares as follows:

| ASSETS | 1923 | 1922 |
|---|---|---|
| Plants, real estate, etc. | $15,078,402 | $14,456,939 |
| Other investments | 121,277 | 33,775 |
| Collateral securities | ........ | 20,000 |
| Current assets | 591,355 | 577,733 |
| Prepaid expenses | 155,687 | 149,284 |
| Unamortized discount and expenses on funded debt and capital stock | 699,260 | 600,299 |
| Due on subscriptions to preferred capital stock | 84,160 | ....... |
| | $16,730,142 | $15,838,030 |
| LIABILITIES | | |
| Capital stock: | | |
| Preferred | $ 3,625,800 | $ 3,224,800 |
| Less in company's treasury | 211,000 | 130,800 |
| Second preferred | 250,000 | ....... |
| Preferred stock sold and undelivered | ........ | 154,600 |
| Common | 5,000,000 | 5,000,000 |
| Less in company's treasury | 365,000 | 365,000 |
| | $ 4,635,000 | $ 4,635,000 |
| Five per cent first and refunding mortgage bonds of Illinois Northern Utilities Co. | 6,000,000 | 5,553,000 |
| Less: Deposited as collateral | ........ | 21,000 |
| Six per cent gen. mtg. bonds of Illinois Northern Utilities Co. | 140,000 | 341,000 |
| Five per cent first and consolidated bonds of Co. | ........ | 199,500 |
| Five per cent bonds of DeKalb County Gas Co. | 199,500 | 199,500 |
| Five per cent bonds of Sterling Gas & Elec. Light Co. | 249,500 | 249,500 |
| Six per cent bonds of Amboy Light & Power Co. | ........ | 3,400 |
| Less: Deposited as collateral | ........ | 21,000 |
| Five per cent 1st & cons. bonds of Freeport Railway & Light | 175,500 | 175,500 |
| Less in company's treasury | 35,500 | 35,500 |
| | $ 140,000 | $ 140,000 |
| Six per cent first and refunding mortgage bonds of Tri-County Light & Power Co. | 40,000 | 40,000 |
| Notes payable | 366,915 | 231,000 |
| Accounts payable | 192,324 | 40.085 |
| Customers' deposits, etc. | 37,640 | 40,085 |
| Total current liabilities | $ 596,880 | $ 502,883 |
| Interest accrued | 90,343 | 80,403 |
| Taxes accrued | 124,988 | 82,190 |
| Rental accrued | 13,441 | 989 |
| Total accrued liabilities | $ 228,770 | $ 163,583 |
| Depreciation reserve | 63,568 | 71,995 |
| Contributed reserve | 27,254 | 27,353 |
| Other reserves | 21,846 | 12,616 |
| Total reserves | $ 112,669 | $ 111,925 |
| Surplus | 497,248 | 403,037 |
| | $16,730,142 | $15,838,030 |

Directors: E. D. Alexander, Walter S. Brewster, William A. Fox, John H. Gulick, George W. Hamilton, Martin J. Insull, Samuel Insull.

Officers: Samuel Insull, president; E. D. Alexander, vice-president; John H. Gulick, secretary and treasurer; J. A. O'Connell, assistant secretary and assistant treasurer; Eustace J. Knight, assistant secretary; Joseph P. Plummer, auditor; Philip L. Reilly, assistant to vice-president.

### *Illinois Power and Light Corporation*

The Illinois Power and Light Corporation, organized under the laws of Illinois, owns and operates or controls electric power and light, gas heat and city railroad properties. The Corporation also controls, through ownership of the entire capital stock, Illinois Traction, Inc., and other utilities in Iowa, Nebraska and Kansas.

Following the original financing plan, many additions, improvements and betterments have been made by the Corporation to facilitate service, and as the Corporation nears the completion of its second year of operation, after the consolidation, it witnesses a greater stability in its group of utilities than ever before.

Since the consolidation investment bankers have brought out $40,200,000 Series "A" 6 per cent, and $5,000,000 Series "B" First and Refunding Mortgage Bonds, and a $10,000,000 issue of 7 per cent debenture bonds of the Corporation. All issues were taken up rapidly by the investing public. In 1924 $10,000,000 of the First and Refunding bonds were issued. The money received was mainly on account of additions, extensions and improvements.

The capitalization of the Company in December, 1924, is as follows:

| | |
|---|---|
| Divisional bonds (closed for issuance to public) | $34,706,300 |
| First and refunding mortgage gold bonds, 6% and 5½% | 45,200,000 |
| 30-Year 7% sinking fund debenture gold bonds | 9,842,900 |
| First preferred stock, 7% cumulative | 24,156,350 |
| Participating preferred stock, 6% cumulative | 1,875,300 |
| Common stock (of no par value), shares | 400,000 |

Earnings for the 12 months ending October 31, 1924, were as follows:

| | |
|---|---|
| Total earnings | $28,826,576 |
| Total expenses and taxes (not including income tax) | 19,441,048 |
| Net earnings from operation | 9,385,528 |
| Other income | 483 194 |
| Total net earnings | 9,868,722 |

The net earnings are over 2.16 times annual interest on the total mortgage debt outstanding.

About 70 per cent of the net earnings are derived from electric light and power, gas and miscellaneous sources other than transporation. For over twenty years the predecessor companies steadily increased in earning power and paid dividends on their preferred stocks without interruption. The employes are ready buyers of the Company's 7 per cent Cumulative Preferred stock, about 75 per cent being shareholders. Stock is being continually sold to the public, especially in the territory served by the Corporation, the total par value sold to customers and employes being approximately $7,000,000. There are now over 12,000 stockholders.

Recently the Corporation's holding in the Kansas City Power Securities Company was sold at a substantial profit. New properties acquired in 1924 include:

Western Illinois Utilities Co.

Central Illinois Electric Co.

The Argenta-Warrensburg Electric Co.

Cerro Gordo Electric Co., besides additional purchases to existing divisions.

Much new building and many improvements for the expansion and growth of the Corporation's properties are now under way, or being made. The largest betterment is the new steam generating electric power station for the Des Moines Electric Company at Des Moines, Iowa, a subsidiary of the Illinois Power and Light Corporation. The first section of the plant, consisting of two units totaling 80,800 H. P. at a cost of nearly $7,000,000 will be completed in 1925.

Another improvement is that of a new electric, double circuit, steel tower transmission line that is being built from the big power dam at Keokuk, Iowa, owned by the Mississippi River Power Company, to the Illinois Power and Light Corporation distributing system at Monmouth and Galesburg, Ill.; also an extension from there to Galva, Ill. The total length of the line will be 106 miles. The entire line from the dam to Galesburg will carry 66,000 volts. The improvement will cost $1,250,000. The new line will cross the river through the dam in cables and will follow the Mississippi River up to Fort Madison, thence extending northeasterly to Galesburg, following generally the main line of the Santa Fe Railway.

The company is also busy building a new steam generating power plant at Tecumseh, Kansas, the initial capacity of which will be 20,100 H. P., and which will serve the large demand in Topeka and surrounding territory. This plant will be completed in 1925.

New transmission lines are being built in Madison County, Illinois, also the power capacity increased at the Venice, Illinois, power plant by the installation of new turbines, one of which, 33,500 H. P. capacity, has gone into operation. It is planned to add 47,300 H. P. additional generating capacity at Venic, 20,900 H. P. at Danville, Illinois, and 25,100 H. P. at La Salle, Illinois.

The Illinois Power and Light Corporation is now serving more than 320 municipalities in the Central West, one of the richest and most flourishing sections of the country. The properties, too, it will be seen, are strategically located for interconnection to the superpower generating stations and transmission lines which are being rapidly constructed in this territory. The heart of the net work of properties in the territory served in Illinois is traversed by the swift moving trains of the Illinois Traction System, not only doing a large freight and passenger business and connecting direct with all of the big steam lines, but carrying coal and material for the company's own properties along the line.

Well-known men of wide experience in public activities of the country are at the head of the organization. The roster of officers is: Chairman of the Board, U. S. Senator Wm. B. McKinley; President, Clement Studebaker, Jr.; Vice-President and General Manager, Wm. A. Baehr; Vice-President and General Attorney, H. L. Hanley; Vice-President and Secretary, Scott Brown; Vice-President and Chairman of Finance Committee, P. C. Dings; Comptroller, B. E. Bramble; General Counsel, Geo. T. Buckingham; Assistant Secretary and Assistant Treasurer, P. L. Smith;

# A Progressive Utility Company

# Illinois Power and Light Corporation


It serves a territory of 3200 square miles in the fertile Mississippi Valley, including 310 cities and towns with a total population of 1,200,000.

Its properties total $155,000,000 and its gross earnings from these properties last year were almost $28,000,000.

It is equipped to produce 24,000,000 cubic feet of gas every day and 436,901,000 kilowatts of electricity every year for home and industrial consumption.

It is constantly growing and expanding, keeping step with the progress of this progressive state.

Its securities enjoy a high place in the investment field because of its sound financial structure and its future possibilities.

The story of this Company is told in a recent booklet which will be mailed in answer to your request. Ask for "Illinois Through Fifty-six Years of Progress."

**Illinois**
***Power and Light***
**Corporation**

**231 South La Salle Street**
**CHICAGO**

Assistant Secretary, J. J. Seerley; Assistant Treasurer, A. J. Berta.

The directorate is composed of: William A. Baehr, John W. Barr, Herbert W. Briggs, Scott Brown, George T. Buckingham, H. E. Chubbuck, P. C. Dings, John W. Esmond, Charles F. Glore, H. L. Hanley, Edward N. Hurley, George Mattis, William B. McKinley, Joseph F. Moran, George W. Niedringhaus, J. E. Otis, Walter H. Seavey, George M. Studebaker and Clement Studebaker, Jr.

The power and light properties of the corporation comprise electric generating stations with an aggregate capacity of 263,000 H. P. installed or in process of installation, and distributing systems furnishing electricity without competition to 206,094 customers in a business field of over 700,000 population including, among others, the cities of: Decatur, 43,818; Danville, 33,776; Bloomington, 28,725; Belleville, 24,-823; Galesburg, 23,834; Champaign, 15,873; Jacksonville, 15,-713; Cairo, 15,203; Granite City, 14,756; La Salle, 13,050; Centralia, 12,491; Ottawa, 10,816; Urbana, 10,244; Mt. Vernon, 9,815; Peru, 8,869; Clinton, 5,898; Normal, 5,143; Venice, 3,895; Des Moines, 126,468; Oskaloosa, 9,427; Topeka, 50,022; Atchison, 12,630.

The gas properties have an installed daily generating capacity of over 25,000,000 cubic feet of artificial gas and distributing systems serving 72,571 customers in a business field of over 375,000 population, including, among others, the cities of Danville, Urbana, Champaign, Decatur, Belleville, East St. Louis, 66,767; Centralia, Clinton, Jacksonville, Galesburg, La Salle and Cairo, and Oskaloosa.

The city railway properties comprising over 235 miles of track, serve the cities of Danville, Champaign, Urbana, Decatur, Peoria, 76,121; Cairo, Quincy, 35,978; Bloomington, Galesburg and Ottawa, Illinois; Atchison, Topeka and Wichita, 72,217, Kansas; and Oskaloosa, Iowa, are fully equipped with car barns, repair shops and rolling stock.

The electric trunk line railroad comprising over 550 miles of main line modern standard gauge railroad is fully equipped with automatic block signal systems, repair shops, car barns, and 1,223 freight and passenger cars. This system connects the cities of Peoria, Springfield, Bloomington, Danville, Urbana, Champaign and Decatur with Edwardsville, Granite City, Madison, Venice and St. Louis, entering St. Louis over a steel toll bridge owned by the Corporation in fee, into its own terminal in the heart of St. Louis. Another trunk line connects the cities of Joliet, Ottawa, Marseilles, Peru and Princeton.

Over one-half of the gross revenues of the electric railroad are derived from freight, express, power and miscellaneous non-passenger sources, a division of revenues which is believed to be without parallel among systems of comparable magnitude.

Following is a list of former Illinois operating companies which now carry the name of the Illinois Power and Light Corporation:

Bloomington & Normal Railway & Light Co.; Citizens Lighting Co.; La Salle-Peru; Clinton Gas & Electric Co.; Citizens Pure Ice Co., Jacksonville; Consumers Water & Light Co., Marseilles; Danville Street Raiway & Light Co., Danville; Danville & Eastern Illinois Ry.; Danville & Northern Railroad Co.; Danville & Southeastern Railway Co.; Decatur Railway & Light Co.; Galesburg Railway, Lighting & Power Co.; Galva Electric Light Co.; Jacksonville Railway & Light Co.; Kerens-Donnewald Coal Co.; Madison County Light & Power Co.; Monticello Electric Light Co.; Northern Illinois Light & Traction Co.; Peoria Railway Co.; Quincy Railway Co.; Southern Illinois Light & Power Co.; Urbana & Champaign Railway Gas & Electric Co.; Urbana Light, Heat & Power Co.; Utility Gas Coal Co., Danville Consumers Coal Company, Mound City Light and Water Co., and St. Louis Electric Bridge Company.

The above companies make up present divisions of the Illinois Power and Light Corporation. The following operating companies are owned by the Illinois Power and Light Corporation:

Omaha & Lincoln Railway & Light Co., Ralston, Neb.; Kansas Public Service Co., Topeka, Kansas; Atchison Railway, Light & Power Co., Atchison, Kans.; Topeka Edison Co., Topeka Railway Co., Topeka, Kans.; Wichita Railroad & Light Co., Wichita, Kans.; Des Moines & Central Iowa Electric Co., Des Moines Electric Co., Des Moines, Ia.; Colfax Electric Co., Colfax, Ia.; Mills County Power Co., Iowa; New Valley Junction Water & Light Co., Iowa; Montezuma Electric Light, Power & Heating Co., Iowa; Oskaloosa & Buxton Electric Railway Co., Oskaloosa Light & Fuel Co., Oskaloosa Traction & Light Co., Oskaloosa, Ia.; Cairo Railway & Light Co., Cairo City Gas Co., Cairo Electric & Traction Co., Cairo & St. Louis Railway Co., Cairo, Ill.; St. Louis Electric Terminal Railway Co., Illinois Traction, Inc., made up of the following companies: Bloomington, Decatur & Champaign Railroad, Chicago, Ottawa and Peoria Railway Company, The Danville, Urbana and Champaign Railway Company, Illinois Central Traction Company and St. Louis, Springfield and Peoria Railroad.

### *Indiana Service Corporation*

This corporation was incorporated in Indiana in 1920 to take over the Fort Wayne and Northern Indiana Traction Company. It controls a number of electric light and traction companies and also owns the Fort Wayne Power and the Wabash Valley Utility Company, and also approximately one-quarter interest in the United Traction Coal Co. In May, 1924, it acquired the Fort Wayne and Northwestern Railway operating an interurban line from Kendallville to Fort Wayne and Waterloo, Indiana, and furnishing light and power to towns and cities along the line. Last September it offered $1,293,000 first and refunding mortgage 5's, Series A, maturing January 1, 1950.

Capital—$3,740,200 authorized of which $1,817,700 is outstanding of common stock; $2,159,800 7 per cent preferred stock of which $2,147,400 is outstanding.

Bonds—$7,478,200 first and refunding mortgage 5's, Series A, maturing 1950; $4,779,500 income maturing 2020 and $449,000 divisional 5's and equipment trust 6's.

EARNINGS

| | 12 months ended June 30 1924 | Calendar Year 1923 |
|---|---|---|
| Gross | $3,814,352 | $3,528,714 |
| Net | 1,371,891 | 896,643 |
| Fixed charges | 415,358 | 556,469 |
| Surplus | 956,533 | 340,174 |

Officers—Robert M. Feustel, President; H. E. Vordermark, Secretary and Treasurer.

Headquarters—Fort Wayne, Indiana.

### *Interstate Power Company*

This corporation has been incorporated recently under the laws of Wisconsin. It operates electric and gas properties in southern Minnesota, northeastern Iowa and Southwestern Wisconsin, furnishing electric light and power without competition to various communities in these localities serving a population estimated at over 300,000. The company recently acquired control, through acquisition of all outstanding common stock, of Dubuque Electric Company of Dubuque, Iowa, and in consequence operates the street railway in that city and its suburbs and through a controlling company serves neighboring communities in Iowa with electric light and power.

Capital—$3,500,000 authorized, $1,900,000 outstanding 7 per cent cumulative participating preferred; $3,000,000 authorized, $2,000,000 outstanding common stock.

Bonds—$6,000,000 outstanding first mortgage 6's, Series A, maturing July 1, 1944; $3,500,000 authorized $2,500,000 outstanding general mortgage 7's, due July 1, 1924.

EARNINGS

| | Year Ended September 30 1924 | Year Ended June 30 1923 |
|---|---|---|
| Gross | $3,057,711 | $3,694,268 |
| Net before depreciation | 1,294,175 | 954,251 |

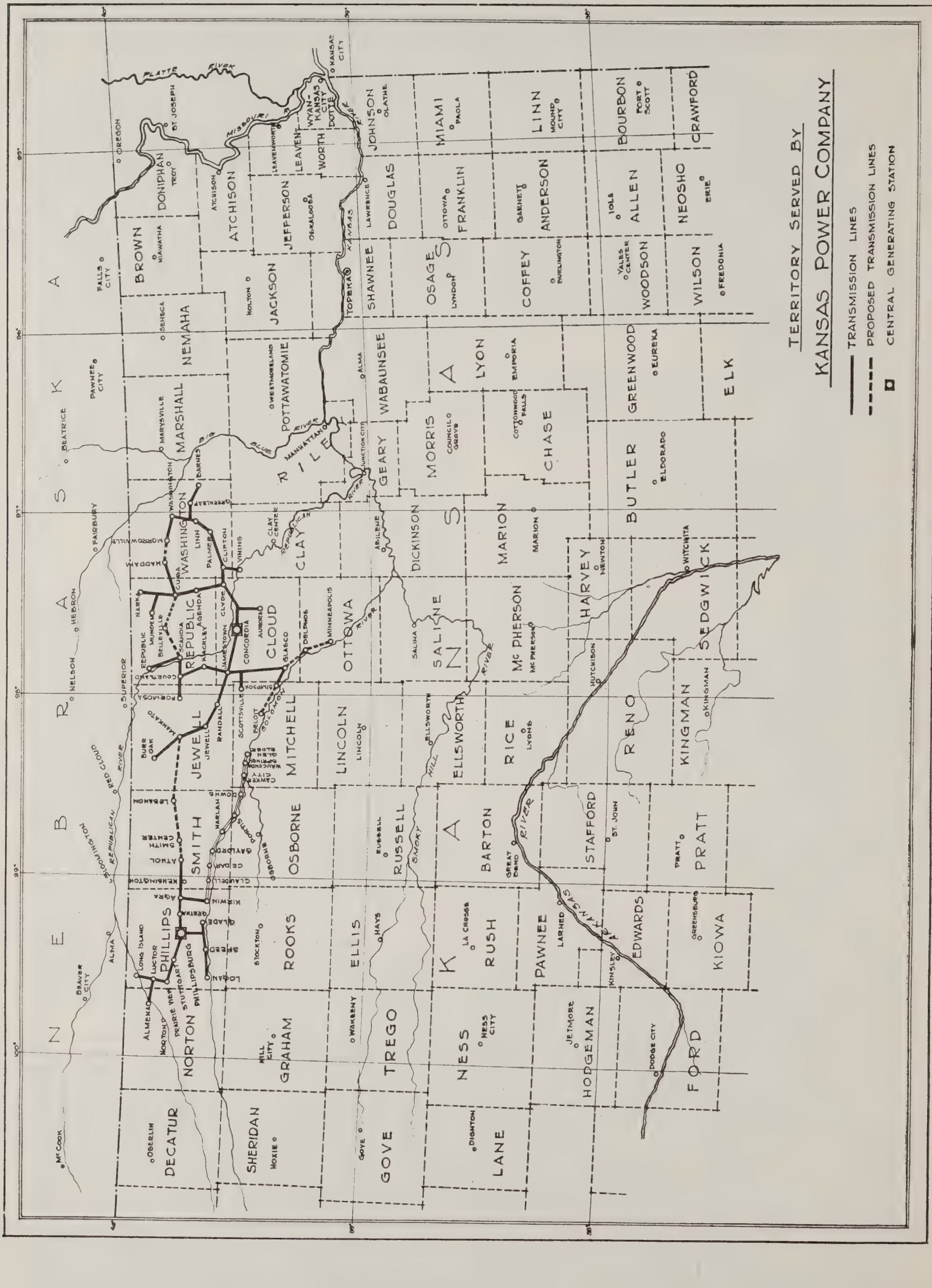
The company operates under jurisdiction of the Railroad Commission of Wisconsin and its franchises, with minor exceptions, are without burdensome restrictions and satisfactory in terms and provisions.

### *Kansas Power Company*

This corporation, with its subsidiaries, the Phillips County Light & Power Company and the United Light & Power Company, furnishes without competition electric light and power service to a number of cities and communities in the northern part of Kansas, including Concordia, Phillipsburg and Downs. This corporation was organized under the laws of the state of Kansas in 1909 and is successor to the Concordia Light & Power Company.

Capital—$1,000,000 common stock outstanding.

Bonds—$1,000,000 authorized 10-year 7 per cent guaranteed sinking fund debentures, $897,000 outstanding. These bonds are the only funded debt of the company, and are unconditionally guaranteed by endorsement both as to principal and interest by the Commonwealth Light & Power


TERRITORY SERVED BY
KANSAS POWER COMPANY
TRANSMISSION LINES
PROPOSED TRANSMISSION LINES
CENTRAL GENERATING STATION

Company. Earnings of Commonwealth Light & Power Company and subsidiaries for year ended June 30, 1924, were: gross, $2,454,944 and net, $879,690.

The present generating capacity of the Kansas Power Company consists of 4,730 K.W at the Phillipsburg and 436 K.W. at the Down plant, a 3,000 K.W. turbo-generator and 2,400 H.P. boilers were installed last summer at the Concordia plant. As of June 30, 1924, the corporation had 5,716 customers and its transmission lines stretched over 377 miles.

EARNINGS

| | 12 Months Ended June 30 1924 | Calendar Year 1923 |
|---|---|---|
| Gross earnings | $380,101 | $341,551 |
| Net earnings | 134,003 | 122,910 |

The franchises of Kansas Power Company are of satisfactory duration and in all cases are free from burdensome restrictions.

### *Kansas City Power & Light Company*

This corporation was organized in Missouri in July, 1922, and is a consolidation of the old Kansas City Power & Light Company and the Carroll County Electric Company. It controls the electric light and power business in Kansas City, Missouri, and furnishes electrical energy in the adjoining counties of Wyandotte and Johnson Counties, Kansas, and Jackson, Platte and Clay Counties, Missouri. It furnishes also steam heat to Kansas City, Missouri. The corporation operates an electric light and power business in Carroll, Charlton and Howard Counties, Missouri, and has coal rights to valuable lands in the state. It owns five electric generating stations with an installed normal capacity approximating 115,000 K. W., and fifty-three substations with transformer capacity exceeding 159,000 K. W. Transmission lines, underground cable and low tension distributing lines are also operated by the corporation.

Capital—250,000 shares no par value common stock outstanding; 110,000 shares no par value first preferred, Series A.

Bonds—$23,000,000 first mortgage 5's, due September 1, 1952. These first mortgage bonds are issuable in series under certain restrictions, and an annual maintenance and depreciation fund of 12½ per cent of the gross earnings is provided for. There is also provision made for an improvement fund of 1 per cent of the amount of the issue outstanding beginning April 1, 1927, such fund to be applied to permanent improvements, additions, etc.

Dividends—An initial dividend of 1¾ per cent was paid on the first preferred stock, Series A in October, 1922; this rate has been adhered to regularly to and including October, 1924. Dividends at the rate of 4 per cent per share annually are being paid on the common stock.

EARNINGS

| | 12 Months Ended September 30 1924 | Calendar Year 1923 |
|---|---|---|
| Gross earnings | $9,335.055 | $8,739,633 |
| Net after taxes | 4,545,754 | 4,230,162 |
| Interest, etc. | 1,067,506 | 2,106,986 |
| Surplus | 3,478,248 | 2,123,176 |

### *The Kentucky Utilities Co.*

THE Kentucky Utilities Co., with its subsidiary companies, serves a large number of communities situated in Western, Southeastern and Northern Kentucky with electric power, gas, ice, and water. It serves 59 cities and towns direct, and wholesales power to eleven other communities. It also furnished light and power to 120 coal mines. Four municipal plants and six other utilities were served wholesale, and eight more utilities will be taken over in 1924. The number of customers served was raised from 29,253 to 35,300. To serve this number, the company owns 16 generating plants, 9 reserve stations, and 573 miles of high voltage transmission lines.

The funded debt consists of $2,784,800 first mortgage lien 6s, series "A," $860,100 first mortgage lien 7s, series "B," $644,800 first mortgage lien 6s, series "C," $3,015,000 first mortgage lien 6½s, series "D," and $1,157,000 general mortgage 30-year 6s, aggregating $8,461,700.

In reporting a growth of business in the annual meeting of stockholders, President Harry Reid said, in part:

"The total number of electric customers connected was 28,024 on Dec. 31, 1924, an increase of 6,020 during the year. In addition, the company had 7,276 water and gas customers, making a total of 35,300 customers served. The total increase of connected load was 12,025 kilowatts.

"There are under construction 154 miles of additional high-voltage lines, 105 miles of which will form a tie line between the company's plants and the 30,000 H. P. hydroelectric station under construction on the Dix River by the Kentucky Hydro Electric Co.

"One 15,000 kilowatt unit has been installed in the proposed 45,000 horsepower steam generating plant under erection on the Cumberland River. The company electrified and enlarged its ice plant at Hickman, Ky., and rebuilt the ice plant at Middlesboro."

The income account for 1923 was as follows:

| | | |
|---|---|---|
| Gross earnings, including merchandise sales and job work | | $ 2,935,680 |
| Operating expenses, including taxes and depreciation | | 1,689,902 |
| | | $ 1,245,778 |
| Non-operating income | | 13,739 |
| Net earnings | | $ 1,259,517 |
| Interest on funded debt, general interest, etc. | | 506,199 |
| Available for dividends | | $ 753,318 |
| Dividends paid and accrued— | | |
| Preferred stock | $ 111,932 | |
| Common stock | 450,000 | 561,932 |
| Balance carried to surplus | | $ 191,386 |

Directors: G. T. Bogard, L. B. Herrington, Martin J. Insull, S. W. McLellen, Harry Reid, A. A. Tuttle.

Officers: Harry Reid, president; L. B. Herrington, vice-president; A. A. Tuttle, secretary-treasurer; Samuel Insull, chairman of the board.

### *Lake Superior District Power Company*
### (*A Subsidiary of the North West Utilities Company*)

This corporation serves a territory in northeastern Wisconsin and northwestern Michigan, extending 70 miles along Lake Superior including the iron mining district known as

the Gogebic range. Among the important cities and towns served are Ashland, Hurley and Ladysmith, Wis., and Ironwood, Bessemer and Wakefield, Mich., together with 15 other communities. During the year, the company was engaged in the development of hydro-electric energy on the Flambeau river in Wisconsin and the Big Falls water power site. This development consists of a concrete dam and power house with an ultimate capacity of 12,000 horse power of which 8,000 horse power is now installed.

The earnings for the fiscal year ended December 31, 1923, were as follows:

| | |
|---|---|
| Gross earnings | $1,158,187 |
| Operating expenses, including taxes | 633,148 |
| Net earnings | 525,039 |

### *Los Angeles Gas & Electric Corporation*

This company carries on the gas and electric business in Los Angeles and controls all the gas business of adjacent communities including Pasadena, Alhambra, San Gabriel, Watts, Huntington Park and others. As of September 30, 1924, the gas department of Los Angeles Gas & Electric had a generating capacity of 80,750,000 cubic feet for every 24 hours, holders with a capacity approximating 53,800,000 cubic feet and 2,424 miles of mains. The electric department had a generating capacity in excess of 98,000 H. P. It had also 33 miles of underground conduits and 1,080 miles of pole lines.

Capital—$12,600,800 outstanding of an authorized issue of $15,000,000 6 per cent cumulative preferred stock; $12,500,000 common stock.

Bonds—$35,791,500 general and refunding 5½'s maturing October 1, 1949. These bonds are redeemable on October 1 of any year until and including 1939, at 105 and interest, the premium thereafter increasing ½ of 1 per cent annually.

EARNINGS

Years ended August 31

| | 1924 | 1923 |
|---|---|---|
| Gross | $14,620,211 | $12,198,729 |
| Operating expenses, maintenance, taxes, etc. | 8,878,990 | 7,746,676 |
| Net available for bond interest, etc. | 5,741,221 | 4,452,053 |

### Michigan Gas & Electric Company

This company manufactures and develops gas in the copper country at Hancock and Houghton; furnishes electric, gas and railway service in the iron country in and about Ishpeming and Negaunee and serves with electricity a group of 15 communities in southern Michigan.

Capital stock as of December 31, 1923, consisted of $257,500 prior lien cumulative 7's, $400,000 of cumulative preferred 6 per cent stock and $775,000 of common. The total funded debt aggregated $1,465,000.

Following is the income account for the year ended December 31, 1923:

| | |
|---|---|
| Gross earnings | $722,633 |
| Operating expenses, including taxes | 533,663 |
| Miscellaneous income | 60 |
| Net income | 189,050 |
| Bond interest, etc. | 108,203 |
| Net income, after interest | 80,847 |

Gross earnings for the year 1923 were $113,916 greater than in 1922, a gain of 18.9 per cent.

### *Middle West Utilities Co.*

THE Middle West Utilities Co. is a holding company organized to acquire and develop public utilities properties in various states. It was incorporated in Delaware in May, 1912 and is serving, through its operating subsidiaries, a large number of small communities where it has taken over properties. As of Dec. 31, 1923, Middle West Utilities Co. comprised approximately thirty subsidiary companies the common stocks of which are either owned or controlled by the Middle West Utilities Co. Following are among the subsidiary companies:

Illinois—Central Illinois Public Service Co., Illinois Northern Utilities Co., Sterling Dixon & Eastern Electric Railway Co., McHenry County Light & Power Co., United Utilities Co.

Indiana—Interstate Public Service Co.

Kentucky—Kentucky Utilities Co., Kentucky Light & Power Co.

Virginia—Electric Transmission Co. of Virginia.

Tennessee—Citizens Gas Light Co.

Oklahoma and Texas—American Public Service Co., Public Service Co. of Oklahoma, Chickasha Gas & Electric Co.

Nebraska—Central Power Co., Nebraska City Utilities Co.

Missouri—Missouri Gas & Electric Service Co.

Wisconsin—Middle Wisconsin Power Co., North West Utilities Co., Wisconsin Utilities Co.

Michigan—Michigan Gas & Electric Co., City Gas Co.

New England—Twin State Gas & Electric Co., Berwick & Salmon Falls Electric Co.

These companies serve directly 772 communities with estimated population of 1,872,800.

During the fiscal year ended December 31, 1923, the Middle West Utilities Co. acquired a number of new properties. Among these was acquisition of the entire capital stock of Canton Gas & Electric Co., Lewistown Electric Co., Striffler Ice & Coal Co., which were taken over by Central Illinois Public Service Co., also the property and assets of the Fasig Ice Co. and the municipal electric properties at Grand Tower, Donovan, Athens and Orient, Illinois.

There was also acquired by Middle West Co. in the latter part of 1923, the entire outstanding common stock of United Utilities Co., an Illinois corporation serving 11 communities in northwestern Illinois and owning all of the bonds and entire common capital stock of Wisconsin Utilities Co. Other Wisconsin acquisitions were the Badger Electric Co. and the Middle Wisconsin Power Co. The gas property in Marquette, Michigan, was also acquired. In Kentucky, the Kentucky Utilities Co. took over the Auburn-Woodburn Electric Co. and several ice properties in Middlesboro, Hodgenville and Lancaster. Negotiations were completed late in the year for acquisition by Kentucky Utilities Co. of the electric utility in Danville, the gas and utilities in Paris and the electric and ice properties in Carlisle, Kentucky.

Electric properties serving 5 communities in Indiana,

were also purchased by Interstate Public Service Co. and arrangements were completed for the Missouri Gas & Electric Service Co. to take over the properties of the Platte Valley Light & Power Co. The Chickasha Gas & Electric Co. purchased the electric properties in three Oklahoma communities and the Public Service Co. of Oklahoma acquired electric utilities in two towns and the ice properties in a third. The American Public Service Co. acquired the Antlers Power & Ice Co., the Home Ice Co. of Okmulgee and the Dewar Electric Co. in Oklahoma.

The authorized capital stock of Middle West Utilities consists of 300,000 shares of the par value of $100 each of 7 per cent cumulative prior lien stock of which 160,000 shares or $16,000,000 fully paid is outstanding; 300,000 shares authorized of 7 per cent cumulative preferred, of which 176,625 shares of $100 each fully paid is outstanding and 300,000 shares of common stock authorized of no par value of which 179,276 shares are outstanding valued by the corporation at $10,864,800. There is old common stock script to the value of $459,000 outstanding. This makes a total capital stock outstanding $44,527,779.

The funded debt of the Middle West Utilities aggregates $12,603,300, made up as follows:

| | Amount in hands of Public | Maturity |
|---|---|---|
| 20-year 8% secured gold notes, series "C" | $ 1,356,900 | July 1, 1941 |
| 20-year 8% secured gold notes, series "B" | 2,275,400 | Dec. 1, 1940 |
| 15-year 8% secured gold notes, series "A" | 2,412,900 | Sept. 1, 1935 |
| 10-year 6% collateral gold bonds | 6,558,100 | Jan. 1, 1925 |
| | $12,603,300 | |

The income accounts for years ended December 31, compare as follows:

| SUBSIDIARY COMPANIES | 1923 | 1922 |
|---|---|---|
| Gross earnings | $36,185,182 | $29,870,701 |
| Operating expenses, including taxes | 24,735,337 | 20,766,042 |
| Net earnings from operations | $11,449,844 | $ 9,104,659 |
| Rentals of leased properties | 237,362 | 278,379 |
| Total | $11,212,482 | $ 8,826,280 |
| Net earnings of subsidiary const. companies | 110,937 | 135,702 |
| Total | $11,323,419 | $ 8,961,982 |
| Bond, debentures and other interest charges | 4,165,192 | 4,913,544 |
| Amortization of discount on securities | 480,459 | ........ |
| Dividends on stock and proportion of undistributed earnings to outside holders | 1,741,722 | ........ |
| Total | $ 6,387,373 | $ 4,913,544 |
| Total earnings accruing to Middle West Utilities | $ 4,936,045 | $ 4,048,438 |
| MIDDLE WEST UTILITIES CO. | | |
| Total income | $ 4,920,546 | $ 4,048,174 |
| Administration expenses and misc. charges | 951,144 | 558,790 |
| Total | $ 3,960,403 | $ 3,489,384 |
| Interest on notes, bonds, etc | 1,226,697 | 1,379,503 |
| Net income for year | $ 2,742,706 | $ 2,109,881 |
| Dividends on prior lien stocks | 994,699 | 808,814 |
| Total | $ 1,748,007 | $ 1,301,067 |
| Dividends on preferred stocks | 851,799 | 689,656 |
| | $ 896,208 | $ 611,411 |
| Proportion of subsidiary companies' undistributed surplus | 1,187,175 | 888,666 |
| Combined surplus earnings | $ 2,083,383 | $ 1,500,077 |

Following is the comparison of balance sheets for the last two years:

| ASSETS | 1923 | 1922 |
|---|---|---|
| Securities, plants, good will, etc | $58,327,221 | $56,826,154 |
| Notes and accounts receivable | 2,132,318 | 2,579,753 |
| Cash, interest accrued | 1,835,505 | 2,059,845 |
| | $62,295,044 | $61,465,752 |
| LIABILITIES | | |
| Capital stock issued | $44,527,779 | $40,159,079 |
| Funded debt | 12,603,300 | 17,884,600 |
| Deferred payments, accounts payable, accrued dividends, reserves, etc | 3,099,548 | 2,117,614 |
| Surplus | 2,064,417 | 1,304,459 |
| | $62,295,044 | $61,465,752 |

In the annual report submitted to stockholders at the annual meeting of the corporation, March 25, last, President Samuel Insull said, in part:

The subsidiary companies' gross earnings for the fiscal year were $6,314,480.28 greater than for the year 1922, or an increase of 21.1 per cent. A good example of the growth of the companies' business is seen in the fact that their gross earnings in a single month of the year 1923 almost equaled the gross earnings of the subsidiaries during the first fiscal year of the Middle West Utilities Company, ending in 1913.

**Additions Made to Physical Property**

"The fiscal year was marked by continued heavy demand for extension of service to new customers and increased service to customers already connected to the operating companies' lines. To care for the rapid growth of the business, it was necessary for the companies to make greater expenditures in the aggregate for new construction than in any former year. The increase in their plant accounts for construction only was $18,409,492, or 67.8 per cent more than in 1922 when the expenditure was double the average yearly outlay of this character for the preceding five-year period.

The larger additions to property made in 1923 or in process of being installed at the end of the year were as follows:

"**Illinois.** The largest single item of construction in Illinois during the year was the erection of a new steam electric generating station located on the Mississippi River at Cipsco Park, near Grand Tower, with an immediate installation of two 20,000-kilowatt generating units. This station, the property of the Central Illinois Public Service Company, is nearing completion and will soon be in operation. It will provide energy for the southern Illinois coal fields. To transmit the station's output, a 66,000-volt steel tower transmission line was constructed during the year from Cipsco Park to West Frankfort, a distance of 36 miles. It is connected at the latter point to a similar line leading from the company's large power plant at Muddy near Harrisburg, Illinois. Thus, one on the east and the other on the west of the coal fields, the two large modern power stations will serve the mines and communities of a great part of southern Illinois, insuring efficient service from two reliable power sources.

"The Central Illinois Public Service Company also installed additional switching equipment at West Frankfort to operate the 66,000-volt lines, built a 66,000-volt transmission line from Grand Tower to Wolf Lake, a 33,000-volt transmission line from Sheldon to Beaverville, and erected a gas holder of 100,000 cubic feet capacity at the Mattoon gas plant. The company had in course of construction at the close of the year, a 33,000-volt line from Beardstown to Ashland, distance of 23 miles.

"The Illinois Northern Utilities Company constructed 27 miles of 33,000-volt transmission line from Prophetstown to Geneseo and had under construction at the end of the year a line of like voltage from Freeport to Lena, approximately 14 miles in length.

**Kentucky.** Greatly enlarged power facilities have been found necessary in Kentucky to meet the rapidly growing energy requirements of the coal mining industry and other and widely diversified classes of new business offered. Construction of a large, modern, steam power plant at Kuco Park on the Cumberland river near Pineville was started and carried to an advanced stage during the year by the Kentucky Utilities Company. This plant will soon be in operation with two 15,000-kilowatt generating units installed. The Kentucky Hydro Electric Company, a new subsidiary of your company, was formed during the year for the purpose of erecting and developing a hydro-electric power plant on the Dix river near High Bridge. There was started at that point in the latter part of the year construction of the largest rock-filled power dam east of the Rocky Mountains, and a 20,000-kilowatt generating station capable of producing 77,000,000 kilowatt hours of energy annually. Work was started on a 66,000-volt transmission line, approximately 96 miles in length, which will connect this hydro-electric power plant with the Kuco Park steam power plant of the Kentucky Utilities Company. The ultimate plans for this development also provide for 100 miles of 66,000-volt double circuit steel tower transmission line from the Dix river plant to Lexington, Kentucky, and from the Dix river plant to Jeffersonville, Indiana, to connect with the lines of the Interstate Public Service Company and with a new steam power station to be erected on the Ohio river at Jefferson-

ville, Indiana, as a part of this rapidly developing superpower system.

"Other Kentucky construction for the year included 33,000-volt transmission lines from Elizabethtown to Sonora, Hodgenville and Camp Knox, and from Earlington to Mannington, Auburn to Russellville and Kuco Park to Cardinal, or approximately 85 miles of line in the aggregate; also a new ice plant of 50 tons daily capacity located at Middlesboro.

"**Indiana.** The Interstate Public Service Company installed new water gas plant equipment at Shelbyville, Jeffersonville and Bloomington, and erected a new gas holder at Shelbyville. The same company added an extension to the Goshen electric generating station, installed a 3,500-kilowatt turbine and two new boilers, and erected a 33,000-volt outdoor substation. A 13,200-volt transmission line was built from New Albany to Corydon, 17 miles distant, and the transmission line from Goshen to Warsaw was increased to 33,000 volts.

"**Michigan.** A new hydro-electric power plant was erected during the year at Mottville on the St. Joseph river. It is the property of the Michigan Gas and Electric Company and serves that company's compact system in southern Michigan. The same company completed an automatic hydro-electric station on the Portage river near Three Rivers, and constructed a new concrete dam at its Constantine hydro-electric development on the St. Joseph river.

"**Wisconsin.** New construction by the operating companies of the North West Utilities Company included installation of increased boiler capacity at the Sheboygan steam station, additional gas making equipment at the Fond du Lac gas plant and the erection of several high voltage line extensions.

"**Oklahoma.** The American Public Service Company's steam electric generating station on the Arkansas river near Tulsa, added a further 10,000-kilowatt generating unit during the year making the total capacity of the station 30,000 kilowatts. The ice making equipment at Henryetta was increased by the addition of 50 tons daily ice making capacity. A 13,000-volt transmission line was built from Hugo to Antlers, a distance of 16 miles.

"**Texas.** Electrically driven ice making equipment of 50 tons daily capacity was installed at Cisco. A new ice plant was erected at Jefferson. The boiler capacity of the Abilene power station was increased. A number of high tention transmission line extensions were built. All of these are properties of the American Public Service Company.

"**Nebraska.** The Central Power Company erected and placed in operation a modern steam electric generating station located at Power on the Platte river, near Grand Island. The same company installed new and larger water gas making equipment at its Kearney plant. The Nebraska City Utilities Company added additional generating capacity at its electric station and a new gas holder at its gas plant in Nebraska City.

"It is your company's established custom to have, for economy in operation, the smallest possible number of subsidiary companies in each state in which it has interests. Following this policy, four consolidations were effected during this fiscal period, two of which were arranged in 1922 and announced in the annual report for that year.

"The merger with the Interstate Public Service Company of seven other Indiana public utility companies—the Southern Indiana Power Company, the Indianapolis and Louisville Traction Railway Company, the Hydro-Electric Light and Power Company, the Hawks Electric Company, the Winona Electric Light and Water Company, the Middlebury Electric Company and the Electric Transmission Company of Northern Indiana—became effective at January 1, 1923.

"There were merged in the West Texas Utilities Company, formed late in 1922 for that purpose, the Abilene Gas and Electric Company, Abilene Water Company, Baird Ice and Light Company, Cisco Gas and Electric Company, Hamlin Light, Power and Ice Company, Haskell Ice and Light Company and Stamford Gas and Electric Company, except that the ice properties of the Baird Ice and Light Company, the Hamlin Light, Power and Ice Company, and the Haskell Ice and Light Company became the property of a new corporation, the West Texas Ice Company, now engaged in the ice business exclusively.

"As a result of a consolidation made effective on September 1, 1923, and of certain conveyances made to the Middle West Power Company just prior thereto and in anticipation thereof, the consolidated corporation, Central Illinois Public Service Company, now owns by direct title all the property and assets of the predecessor corporation, Central Illinois Public Service Company, and of the Middle West Power Company, Central Illinois Power Company, Mattoon Clear Water Company, Canton Gas & Electric Company, Lewistown Electric Company, Striffler Ice and Coal Company, Striffler Bros. Ice and Cold Storage Company and Fasig Ice Company.

"The company's balance sheet at December 31, 1923, shows this account to be $913,463.16. The deferred payments on purchase contracts increased $157,894.66 during the fiscal year, but have been reduced in amount of $730,-875.59 during the first two months of the year 1924.

### Funded Debt

"A reduction of $5,281,300 in principal amount of your company's funded debt has been effected during the fiscal year. Provision has already been made for further reduction of approximately $5,250,000 by the close of the year 1924.

"**Ten-Year 6% Collateral Gold Bonds.** During the fiscal year, $2,743,400 in principal amount of the company's 6% collateral gold bonds, maturing January 1, 1925, were retired, leaving outstanding $6,558,100 of bonds at December 31, 1923. Since that date there have been retired, or money for retirement deposited with the trustee, further bonds in amount of $583,000. In addition, arrangements have already been made for the retirement of $4,392,100 of bonds during 1924.

"**Five-Year 7% Convertible Gold Notes.** The company had outstanding at December 31, 1922, $2,225,000 in principal amount of its five-year 7 per cent convertible gold notes due March 1, 1924. The notes of this issue were called by the company for redemption on March 26, 1923, thus retiring them approximately one year before maturity.

"**Secured Gold Notes.** These notes are issued under an indenture providing for the insurance of various series on such terms and for such amounts as may be authorized by the board of directors, including rate of interest, maturity, collateral requirements, redemption provision, etc., provided, however, that all notes of the same series shall bear the same rate of interest and have the same maturity.

"Notes have been issued in three series. The total amount outstanding as of December 31, 1923 was $6,045,200, a reduction of $312,900 during the fiscal year.

"The company issued during the year $3,000,000 in par amount of its 7 per cent cumulative prior lien stock, $1,000,-000 par value of its preferred stock and 10,000 shares of its common stock, without par value. The proceeds were used for the general corporate purposes of the company. The total number of the company's stockholders at December 31, 1923, was 21,416, and in addition there were 2,317 subscribers for stock purchased on partial payment plan.

### Customer Ownership Grows

"Customer ownership of the operating companies' securities has been one of the outstanding factors in company growth during recent years. In 1923, more than in any other year, this plan has been followed in financing the cost of plant and line extensions necessary to take on new business, improve the service and promote the growth of the communities served. The total amount of their prior lien and preferred stocks sold by the companies during the year was 139,723 shares. The companies had at the close of the year 32,678 stockholders in the aggregate, an increase of 11,885 during the fiscal period. In addition, stock had been sold at December 31, 1923, to 12,396 subscribers on partial payment plan. This method of providing a large part of the companies' capital requirements has probably accomplished more than has any other phase of the company's

policy, towards acquainting the public with the fact of the interdependence of the utilities and the communities served.

"The authorized capital stock of the company was increased in accordance with the action of the stockholders at the annual meeting held in March, 1923. This increased the authorized prior lien stock from $20,000,000 to $30,000,000, the preferred stock from $20,000,000 to $30,000,000 and the common stock from 200,000 shares to 300,000 shares, without par value.

**Statistics of Subsidiary Operating Companies**

The rapid growth of the subsidiary companies' business noted in preceding reports continued throughout the year. Following is a statement of the number of customers and electrical connected load at the end of each of the last five fiscal periods:

NUMBER OF CUSTOMERS

| | 1920 Apr. 30 | 1920 Dec. 31 | 1921 Dec. 31 | 1922 Dec. 31 | 1923 Dec. 31 |
|---|---|---|---|---|---|
| Electric | 208,829 | 226,094 | 262,361 | 296,798 | 362,050 |
| Gas | 53,211 | 54,500 | 56,187 | 64,811 | 72,049 |
| Water | 23,534 | 24,064 | 25,681 | 27,038 | 28,456 |
| Total | 285,574 | 304,658 | 344,229 | 388,647 | 462,555 |
| Connected load in horse power | 474,200 | 516,400 | 612,800 | 715,902 | 921,528 |

Directors: Walter S. Brewster, Britton I. Budd, Edward J. Doyle, Louis A. Ferguson, William A. Fox, John F. Gilchrist, John H. Gulick, Martin J. Insull, Samuel Insull, E. W. Lloyd, L. E. Myers, Edward P. Russell, Marshall E. Sampsell, B. E. Sunny, Samuel Insull, Jr.

Officers: Samuel Insull, chairman; Martin J. Insull, vice-president; John F. Gilchrist, vice-president; W. C. Sharp, vice-president; A. J. Authenrieth, vice-president; Geo. W. Hamilton, vice-president; Oliver E. McCormick, treasurer; Eustace J. Knight, secretary and asst. treasurer; R. E. McKee, asst. secretary; E. A. Davis, auditor; Ralph D. Stevenson, counsel.

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### *American Public Service Company*

The American Public Service Company, incorporated under the laws of the state of Delaware has outstanding $5,187,600 preferred stock less $312,019 in the treasury and $2,900,530 common stock. Its funded debt consists of $8,565,500 of 6% first lien bonds less $2,201,800 in the treasury, including $1,595,400 first lien gold bonds pledged as security for collateral gold notes. There is also outstanding and $1,500,000 first lien 6½'s, $1,003,000 general lien 6's, $500,000 collateral 7½'s, Series A; also $233,100 7½'s, Series B, $474,500 8 per cent collateral notes, Series C, making the total funded indebtedness $10,074,300.

The number of communities served by the American Public Service Co. was increased during the fiscal year 1923 from 47 to 65. At the close of the fiscal year, the subsidiaries had 25,135 customers who were receiving electric service, an increase during the year of 5,403. The number of gas customers increased from 3,963 to 4,380.

The company sold during the fiscal year $460,200 in principal amount of its first lien 6% gold bonds, and $290,000 of its general lien 6% gold bonds. The proceeds of these sales were used for the company's corporate purposes. Eight per cent collateral gold notes, series "C," in amount of $25,500 were retired during the year.

Following the company's policy with respect to common stock dividends, a dividend of $263,500 on the common capital stock was paid in stock from the accumulated surplus earnings of the company, in December, 1923.

Income account for the year ended December 31, 1923, is as follows:

INCOME ACCOUNT

| | 1922 | 1923 |
|---|---|---|
| Gross earnings, including inter-company earnings | $2,850,229 | $3,288,847 |
| Operating expenses, including taxes | 1,586,352 | 1,971,971 |
| Miscellaneous income | 45,523 | 198,954 |
| Holding company expenses, net | 90,383 | 114,077 |
| Net earnings | $1,118,484 | $1,657,635 |
| Interest on funded debt, res. for dep. and amortized discount and expense on bonds and notes | 686,725 | 114,077 |
| Net income available for dividends, dep., etc., subject to deduction of income tax | $ 501,759 | $ 558,477 |

SURPLUS ACCOUNT

| | 1922 | 1923 |
|---|---|---|
| Balance—January 1, 1922 | $ 42,100 | $ 118,359 |
| Net income for year to December 31, 1922, as above | 501,759 | 558,477 |
| | $ 543,859 | $ 676,836 |
| Dividends paid | 425,499 | 576,276 |

The electric properties in thirteen communities in eastern Texas—Alba, Atlanta, Big Sandy, Cason, Daingerfield, Gilmer, Grand Saline, Hughes Springs, Mt. Vernon, Omaha, Naples and Quitman—were purchased at or near the end of the fiscal year, and are now operated by the East Texas Public Service Company, a new subsidiary. The ice properties in Atlanta, Gilmer, Hughes Springs, Mt. Vernon, Naples and Winnsboro were also acquired.

The ice properties at San Angelo were purchased and taken into the West Texas operating system. The combined ice making capacity of these properties is 75 tons daily. The Roby and Northern Railway, a short line operating in West Texas between Roby and North Roby and connecting at North Roby with the M. K. & T. Railway, was also acquired.

Your company's Oklahoma subsidiary, the Oklahoma Power Company, purchased the electric and ice properties in Antlers, and the Home Ice Company's plant of 30 tons daily ice making capacity in Okmulgee, Oklahoma.

The West Texas companies rebuilt the Cisco and Hamlin ice plants and the Cisco electric station, thereby effecting large operating economies and gaining increased capacity; installed additional generating equipment at the Stamford plant and enlarged boiler capacity in the Abilene central station; rehabilitated and electrified the Roby and Northern Railway to develop the communities served and secure increased income directly through railway operation; constructed transmission line extensions to take on the towns of Rising Star, Cross Plains and Pioneer; and developed lines through the oil fields to serve a substantial oil well pumping business.

The East Texas subsidiaries completed plans to extend service to the towns of Gladewater, Pritchett, Golden, Avinger, Pickton, Como, Queen City and Bloomburg, and had under construction at the close of the year 14 miles of 33,000-volt transmission line from Longview to Gladewater as the first step in this expansion program. The Jefferson Ice and Light Company erected a new electrically operated ice plant at Jefferson.

### *The Michigan Gas and Electric Co.*

The Michigan Gas and Electric Company is a public utilities corporation operating in Northern and Southern Michigan. It supplies such communities as Richmond, Winthrop, Palmer, Decatur, and Cassopolis. The outstanding capital stock includes $257,500 7 per cent cumulative prior lien stock, $400,000 6 per cent cumulative preferred stock, and $775,000 common stock. The funded debt is $1,100,000 outstanding first mortgage and refunding 6 per cent gold bonds due Sept. 1, 1943, and $365,000 Marquette County Gas and Electric Co. 6 per cent prior lien bonds due Jan. 1, 1930.

In reporting an increase in business to the stockholders for the year ending Dec. 31, 1923, under date of April 11, 1924, President L. E. Meyers said in part:

"The total number of electric customers at the end of 1923 was 8,320, the number of gas customers being 3,898. The sale of electric energy for the year amounted to 11,163,657 kilowatt hours, a gain of 55.2 per cent over the preceding year. The gas sales for the year 1923 totalled 79,971,500 cubic feet, or an increase of 2.9 per cent over the preceding year.

"During the past twelve months the company's 25,000-volt transmission system was extended from Cassopolis to Edwardsburg and the old timber crib dam located on the St. Joe River on Constantine was replaced by a modern concrete dam of improved type."

Following is the earnings account for the year ending Dec. 31, 1923:

| | |
|---|---|
| Gross revenue | $ 722,633 |
| Operating expenses and taxes | 533,663 |
| Net operating revenue | $ 188,970 |
| Non-operating income | 80 |
| | $ 189,050 |
| Decrease due to bond interest, discount and expense on securities, rent on leased lines, etc. | 108,202 |
| Net income for year before providing for depreciation | $ 80,848 |

The balance sheet for the year ending Dec. 31, 1923, is as follows:

| ASSETS | |
|---|---|
| Plant, real estate and equipment | $ 3,682,152 |
| Organization expense, sinking funds and subscribers to prior lien stock | 13,914 |
| Cash | 27,051 |
| Accounts receivable | 99,236 |
| Materials and supplies | 99,664 |
| Deferred charges and prepaid items | 89,443 |
| Unamortized discount and expense on securities | 143,060 |
| Total assets | $ 4,154,519 |

| LIABILITIES | |
|---|---|
| Capital stock, 7% cumulative outstanding | $ 257,500 |
| Preferred stock, 6% cumulative | 400,000 |
| Common stock | 775,000 |
| Prior lien stock subscribed | 9,900 |
| Funded debt: First mortgage and refunding 6% gold bonds, issued | 1,100,000 |
| Prior lien bonds: Marquette County Gas and Electric Company 6% bonds | 365,000 |
| Deferred payments on purchase contracts | 24,277 |
| Due Middle West Utilities Company | 635,136 |
| Current and accrued liabilities | 411,980 |
| Capital surplus | 10,000 |
| Earned surplus | 165,726 |
| Total liabilities | $ 4,154,519 |

### *Milwaukee Electric Railway & Light Co.*

This corporation, the successor of the Milwaukee Street Railway Company, controls the street railway lines in Milwaukee. Besides the street railway system, the corporation owns and operates an electric light and power system and a central-station, steam-heat system in Milwaukee serving a population estimated at 850,000. Among the cities which it serves with electric light and power are South Milwaukee, Racine, Kenosha, North Milwaukee, West Allis, Waukesha, Oconomowoc, Waterford, Rochester, Burlington, etc. In April, 1917, it acquired the electric utility of the Commonwealth Power Co. and the heating utility of the Continental Realty Company.

Capital—$20,000,000 authorized, $11,250,000 common outstanding a par value $100. $4,500,000 cumulative preferred 6 per cent stock par value $100. $3,000,000 cumulative preferred 8 per cent stock and $5,279,098 7 per cent preferred

cumulative. The entire common stock is owned by North American Edison Company or affiliated companies.

Bonds—$6,500,000 Milwaukee Electric Railway & Light consolidated mortgage due February 1, 1926.

$6,728,000 Milwaukee Electric Railway & Light refunding and extension mortgage 4½'s, maturing January 1, 1931.

$5,819,000 general and refunding mortgage 5's, Series A, maturing December 31, 1931.

$12,312,500 Milwaukee Electric Railway & Light refunding and first mortgage, Series B, due June 1, 1961; $9,900,000 Series C, due September 1, 1953.

$673,100 outstanding 10-year 6½ per cent notes, Series D, due August 1, 1933; $5,000,000 Milwaukee Light, Heat & Traction Company's first mortgage 5's, due May 1, 1929 and $8,910,000 Wisconsin Electric Light Company's first mortgage 5's, due February 1, 1954.

EARNINGS

| | 12 months ended Sept. 30 1924 | Calendar Year 1923 |
|---|---|---|
| Gross | $22,433,336 | $22,206,801 |
| Net after taxes | 6,711,540 | *6,378,942 |
| Fixed charges | 2,466,656 | 3,016,090 |
| Surplus | 4,244,883 | 3,361,853 |

*Including other items.

Officers—John I. Beggs, president; S. B. Way, vice-president and general manager; Edwin Gruhl, vice-president; Charles Pfister, vice-president; F. W. Doolittle, William A. Jackson, vice-presidents; Robert Sealy, treasurer; J. F. Fogarty, secretary and assistant treasurer.

### *Minnesota Power & Light*

This corporation owns and operates properties formerly owned by the Duluth Edison Electric Co., Minnesota Utilities Co., the General Range Power Co., Little Falls Water Power Co. of Minnesota and other properties. The company also owns the entire capital stock, except directors' shares, of the Great Northern Power Company and operates the Minnesota properties of that company under lease. The company supplies directly or indirectly the entire commercial electric light and power service in a comprehensive territory in northern and eastern Minnesota, including the cities of Duluth, Chisholm, Eveleth, Little Falls, Brainerd, etc., approximately 88 communities having a total population estimated in excess of 320,000.

Capital—$4,275,800 outstanding 7 per cent cumulative preferred; $288,000 outstanding 6 per cent cumulative preferred; $6,500,000 cumulative second preferred stock and $20,000,000 common stock.

Bonds—$3,400,000 7 per cent notes maturing 1933. All of these notes and all outstanding second preferred and common stock except directors' shares are owned by American Power & Light Company; $12,300,000 first and refunding mortgage 6's due 1950.

EARNINGS

12 months ended September 30

| | 1924 | 1923 |
|---|---|---|
| Gross earnings | $3,078,686 | $2,776,774 |
| Operating expenses, including taxes | 1,757,065 | 1,551,666 |
| Net earnings | 1,321,621 | 1,225,108 |
| Total income | 2,004,989 | ........ |
| Interest charges | 865,165 | ........ |
| Surplus available for dividends | 1,139,824 | ........ |

Minnesota Power & Light is supervised in its operations by the Electric Bond & Share Company of New York. Its franchises are generally satisfactory and free from burdensome restrictions.

### *Mississippi River Power Co.*

THE MISSISSIPPI RIVER POWER CO., of Keokuk, Iowa, was incorporated in Main in 1910, to own and operate hydro-electric plants, and acquired the Keokuk & Hamilton Water Power Co. and all rights given the latter by act of Congress, Feb. 9, 1905, providing for construction and operation, without time limit, of a hydro-electric plant on the Mississippi River near Keokuk, Iowa, about half way between Chicago and Kansas City and about 143 miles northwest of St. Louis. Substantially the entire flow of the Mississippi River can be utilized and ultimately 200,000 h.p. may be available. Operations began July 1, 1913. Power is now being delivered to wholesale customers, of which



60,000 h.p. is furnished to public utility companies of St. Louis, under ninety-nine year contract, subject to equitable price adjustments every ten years based on the then cost of coal. The company also supplies electric current to the Illinois-Iowa Power Co., the Keokuk Steel Casting Co., Atlas Portland Cement Co., duPont Powder Works—twenty-five in all. Population served: 1,155,800. The "power zone" served by this company at present extends from Burlington, Iowa, to St. Louis, Mo., and includes the cities of Ft. Madison, Keokuk, Quincy, Hannibal, East St. Louis, Hamilton and Alton. Population within transmission distance, approximately: 4,600,000.

The capital stock of the corporation as of December 31, 1923, was $8,231,812.50 outstanding in preferred, and $16,000,000 in common. Its bonded indebtedness included $18,632,500 first mortgage 5's maturing January 1, 1951 and $3,280,300 15-year debenture 7's maturing November 1, 1935.

The following is the latest comparative statement of earnings for the 12 months ended October 31:

| | 1924 | 1923 | Increase |
|---|---|---|---|
| Gross earnings | $3,171,352 | $3,014,540 | $156,812 |
| Operating expenses and taxes | 839,572 | 770,674 | 68,897 |
| Net earnings | $2,331,780 | $2,243,865 | $ 87,915 |
| Interest and amortization charges | 1,188,881 | 1,206,117 | *17,235 |
| Balance, for reserves, replacements and dividends | $1,142,899 | $1,037,748 | $105,151 |

*Decrease.

The balance sheet for the 12 months ended October 31, 1924, is as follows:

ASSETS

| | |
|---|---|
| Property, plant, etc. | $47,766,959 |
| Cash | 858,991 |
| Notes receivable | 81,223 |
| Accounts receivable | 346,056 |
| Materials and supplies | 114,227 |
| Prepayments | 3,922 |
| Miscellaneous investments | 10,223 |
| Sinking funds | 184,507 |
| Unamortized debt discount and expense | 568,831 |
| Unadjustable debits | 45,829 |
| | $49,980,768 |

LIABILITIES

| | |
|---|---|
| Common stock | $16,000,000 |
| Preferred stock (6%)† | 8,232,375 |
| Bonds | 18,432,400 |
| Coupon debentures | 3,178,500 |
| Accounts payable | 19,458 |
| Accounts not yet due | 330,889 |
| Retirement reserve | 1,437,525 |
| Preferred dividend reserve | 15,401 |
| Unadjusted credits | 92,962 |
| Reserves and surplus | 2,241,258 |
| | $49,980,768 |

In their report to stockholders for the year 1923, Stone & Webster, Executive Managers of the property said, in part:

"Gross earnings for 1923 amounted to $3,017,582.71, an increase of $110,915.50, or 3.8 per cent, over 1922. Operating expenses for 1923 show a decrease of $30,965.24, due to change in the classification of depreciation which was included as an operating expense in 1922 but not in 1923. On a strictly comparable basis, operating expenses increased $22,047.67, or 4.3 per cent, due to larger output. Taxes increased $32,687.85, or 16.9 per cent, caused by larger Federal income tax. As a result, net earnings of $2,254,245.40 show a real increase of $56,179.98, or 2.56 per cent, as compared with 1922.

"In 1923 your Company generated from the flow of the Mississippi River over 600,000,000 kilowatt hours. This energy was distributed over an extensive transmission system covering an area of about 14,000 square miles, with connections for supplying St. Louis, East St. Louis, Alton, Hannibal, Quincy, Keokuk, Fort Madison, Burlington and numerous other cities and towns in the states of Iowa, Illinois and Missouri.

"The output of the plant is subject to variations in the flow of the Mississippi River. High water may curtail the capacity of the plant by reducing the head. The lake level remains essentially constant throughout the open water season while the river level below the dam rises and falls with the amount of flow. While at flood stage there is plenty of water to use through the plant, there is not enough head to develop full capacity.

"To care for the periods when the plant output may be reduced, two classes of power service are sold, prime and excess. Prime power is that which must be furnished continually. Excess power is that which can be discontinued at any time and is sold at a lower price than prime power. If the plant capacity decreases due to river conditions, the supply to the excess power customers is curtailed. When there is insufficient power available from the water in the river to supply all prime power requirements, steam power is purchased from St. Louis to make up the difference.

"One of the very important details in the operation of your property is the proper maintenance of all buildings, machinery, transmission lines, and other equipment which make up the complete plant and distributing system. During 1923 the Company spent $105,198.26 or 3.49 per cent of the gross earnings for maintenance work, and all property is in first-class operating condition.

"Although practically all equipment has been in service for over 10 years, a relatively small amount of repairs or replacement has been necessary. The main items of maintenance on the transmission and distribution system in 1923 include resetting of about 25 per cent of the wooden poles of the telephone line to St. Louis; the resetting of 85 per cent of the wood poles of the transmission lines to Burlington; and the testing and renewal of defective insulators on the high tension transmission lines.

"To secure a wider distribution of ownership and stimulate greater interest in the welfare of your company in the communities which it serves, your Company in 1923 purchased 2,500 shares of preferred stock in order to resell them to the people living in the power zone. At the end of the year 2,032 shares had been sold in blocks of 10 shares or less to 549 individuals. Practically every employe of the company has purchased one or more shares of its stock.

"Taxes represent a serious burden on the income of your property. Since 1915 they have increased over eight times, amounting in 1923 to $226,098.71, or approximately 20 per cent of the amount available for reserves and dividends.

"Your company enters the new year with the expectation of no unusual expenses and that the normal growth of its load will yield a reasonable increase in its income. Besides the normal growth of load it is expected that before the year is over your plant will be delivering 5,000 kilowatts of additional power to the Iowa-Illinois Power Company over a new 66,000 volt line between Keokuk and Galesburg to be constructed by the customer. The contract for delivery of this energy provided for initial service in 1923, but owing to unavoidable delays this customer will not have its transmission line completed until some time in 1924. Preliminary negotiations are now under way which are expected to lead to new contracts providing for the delivery of about 3,500 kilowatts of further additional power.

"The stable financial condition of your company and data descriptive of its property and physical operations are shown in accompanying tables. No permanent new financing or important additions to the property are scheduled for the coming year."

Following is the comparative balance sheet as of December 31:

ASSETS

| | 1923 | 1922 | Increase |
|---|---|---|---|
| Property, plant, etc. | $47,717,161.56 | $47,681,697.18 | $ 35,464.38 |
| Materials and supplies | 115,170.18 | 124,644.92 | *9,474.74 |
| Investment securities | 223.00 | 805.00 | *582.00 |
| Advance payments | 5,286.80 | 4,878.00 | 408.80 |
| Notes receivable | 81,223.08 | 76,207.93 | 5,015.15 |
| Accounts receivable | 367,289.53 | 249,590.35 | 117,699.18 |
| Sinking fund investments | †200,220.00 | 197,343.80 | 2,876.20 |
| Suspense | 780.57 | 8,328.53 | *7,547.96 |
| Unamortized debt discount and expense | 603,288.36 | 660,010.36 | *56,722.00 |
| Cash | 289,157.09 | 145,078.45 | 144.078.64 |
| Total assets | $49,379,800.17 | $49,148,584.52 | $231,215.65 |

LIABILITIES

| | 1923 | 1922 | Increase |
|---|---|---|---|
| Common stock | $16,000,000.00 | $16,000,000.00 | |
| Preferred stock | ‡8,231,812.50 | ‡8,229,862.50 | $ 1,950.00 |
| Bonds | 18,632,500.00 | 18,829,700.00 | *197,200.00 |
| Coupon debentures | 3,280,300.00 | 3,382,900.00 | *102,600.00 |
| Accounts payable | 16,191.06 | 26,857.84 | *10,666.78 |
| Accounts not yet due | 113,175.30 | 70,093.73 | 43,081.57 |
| Suspense | 48,491.29 | 48,491.29 | ........ |
| Retirement reserve | 1,440,082.61 | 1,243.045.71 | 197,036.90 |
| Preferred dividend reserve | 15,963.49 | 18,721.24 | *2,757.75 |
| Reserves and surplus | 1,601,283.92 | 1,298,912.21 | 302,371.71 |
| Total liabilities | $49,379,800.17 | $49,148,584.52 | $231,215.65 |

*Decrease.

†Including $200,100 Mississippi River Power Company bonds to be cancelled January 1, 1924.

‡Includes fractional certificates.

Directors—Roger W. Babson, Henry G. Bradlee, Hugh L. Cooper, Sir E. Mackay Edgar, Bart., Harry T. Edgar, Thomas B. Gannett, Edwin Gruhl, Morton D. Hull, Harry H. Hunt, William Logan, Frank W. Remick, Russell Robb, Henry B. Sawyer, Charles A. Stone, Edwin S. Webster, Robert Winsor.

Officers—President: Harry T. Edgar; vice-presidents: Hugh L. Cooper, David Daly; treasurer: Henry B. Sawyer; secretary: William T. Crawford; general manager: Stone & Webster, Inc.

### *Missouri Power & Light Company*

Missouri Power & Light Company organized under the laws of Missouri directly owns and operates, as the result of a consolidation and reorganization effected in 1924, electric power and light, gas, heating, water and street railway properties in 87 cities and towns in Missouri. The company also owns the entire outstanding funded debt and stocks of a number of subsidiaries which supply electricity, gas, heat, and ice in 30 additional cities and towns in Missouri, Oklahoma and Ohio. The total population served is estimated at 161,000. The company is successor to Missouri Utilities Company, Jefferson City Light, Heat & Power Company, Jefferson City Bridge & Transit Company, North Missouri Light & Power Company, North Missouri Power Company, and Franklin Electric Company.

The company furnishes electricity without competition to 117 cities and towns in Missouri, Oklahoma, Kansas and Ohio, including in Missouri, Jefferson City, the capital of the state, Moberly, an important railroad division point,

Mexico, Kirksville, Boonville, Brookfield, Excelsior Springs, Huntsville, Centralia, Montgomery City and Vandalia, centers of rich agricultural communities; Ardmore and Durant, Oklahoma; Marysville, Kansas, and Washington Court House, Ohio. The power and light properties of the company comprise steam electric generating stations with an aggregate installed capacity of 27,000 horsepower, together with 670 miles of transmission lines, and distributing systems in the communities served. Gas service is supplied to 12 communities in Missouri, Oklahoma and Ohio, including Jefferson City, Moberly, Mexico and Excelsior Springs, Missouri; Ardmore, Oklahoma; and Washington Court House, Ohio. The sales of artificial and natural gas in 1923 amounted to over 1,220,000,000 cubic feet.

In addition the company does a heating, water and ice business in a portion of the territory served. The company operates one street railway system consisting of six miles of line serving Jefferson City, Missouri. It also operates and owns a toll bridge over the Missouri river at Jefferson City, Missouri. Approximately 60 per cent of the net earnings are derived from the sale of electricity, 20 per cent from the sale of gas, 10 per cent from the sale of ice, and 10 per cent from miscellaneous sources.

Capitalization outstanding—First mortgage and refunding general lien sinking fund gold bonds, Series "A" 7 per cent, due 1943, $2,978,000; Series "B" 6½ per cent, due 1943, $1,200,000.

First lien twenty year gold bonds, 6 per cent North American Light & Power Company, due 1937 (closed issue) $4,104,200.

25-year 7 per cent income debentures, due 1949, $1,250,000.

First mortgage 6 per cent twenty year gold bonds, Excelsior Springs Water, Gas & Electric Co., due 1932, $421,500.

First and refunding 6½ per cent North Missouri Power Company Series "A," due 1942, $802,700.

Three year 7 per cent collateral trust gold notes, North Missouri Power Company, due 1926, $300,000.

First mortgage 7 per cent Franklin Electric Company, due serially 1933, $14,000.

Mortgage notes 6 per cent North Missouri Power Company, City of Clarence, $14,000.

Seven per cent preferred stock (par value $100), $1,381,100.

Common stock (no par value), shares, 35,000.

Following is the statement of earnings for 12 months ended October 31, 1924, and calendar year 1923:

EARNINGS

| | | 1923 |
|---|---|---|
| Gross earnings | $3,953,720.40 | $2,874,687 |
| Operating expenses, maintenance and general taxes | 2,722,634.68 | 1,862,646 |
| Net earnings | $1,231,085.72 | $ 922,040 |
| Annual interest charges on total mortgage debt | 632,997.50 | 457,842 |
| Balance for depreciation, other charges and dividends | $ 598,088.22 | $ 464,198 |

Directors—Clement Studebaker, Jr., Scott Brown, E. R. Locke, R. R. Arnold, W. A. Baehr, H. L. Hanley, P. C. Dings, John W. Esmond, Herbert W. Briggs, Thomas L. Price, S. W. Henderson.

Officers—Clement Studebaker, Jr., President; W. A. Baehr, Vice-President; H. L. Hanley, Vice-President; Scott Brown, Vice-President and Secretary; E. R. Locke, Vice-President; P. C. Dings, Treasurer; P. L. Smith, Assistant Secretary and Assistant Treasurer; J. J. Seerley, Assistant Secretary; A. J. Berta, Assistant Treasurer.

### *Nebraska Power Company*

The Nebraska Power Co., controlled by American Power & Light Company, was incorporated in 1917 under the laws of the state of Maine. It is a succescor company to the Omaha Electric Light & Power Company. It furnishes practically all of the electric light and power in Omaha and certain towns through the Citizens Gas & Electric Company, the electric light, power and gas service in Council Bluffs, Iowa. All the capital stock, excepting directors' shares, is held by the company.

Capital stock—$10,000,000 authorized, $4,500,000 out-

standing cumulative preferred 7 per cent; $6,000,000 authorized, $5,000,000 outstanding, par value $100.

Bonds—$5,600,000 Nebraska Power Co. first 5's, Series A, maturing June 1, 1949, callable on four weeks' notice at 105 and interest on any interest date from June 1, 1924 to June 1, 1939, inclusive, and thereafter at 102½ and interest.

$1,950,000 Nebraska Power first 6's, Series B, maturing June 1, 1949, subject to call at 105 on four weeks' notice from June 1, 1924 to 1935, inclusive, and thereafter at 102½ and interest.

$3,500,000 debenture 6's, Series A, maturing 2022.

Dividends on the preferred shares have been paid without interruption for years.

EARNINGS

| | 12 months ended Sept., 1924 | Calendar Year 1923 |
|---|---|---|
| Gross | $3,894,355 | $3,807,567 |
| Net after taxes | 1,894,444 | 1,710,754 |
| Fixed charges | 660,994 | 660,994 |
| Surplus | 1,233,450 | 1,049,760 |

BALANCE SHEET
As of December 31

ASSETS

| | 1923 | 1922 |
|---|---|---|
| Plants and Investments | $19,275,733 | $18,670,782 |
| Construction Expense | 620,582 | 476,029 |
| Cash | 223,466 | 238,558 |
| Notes and Loans receivable | 350,497 | 265,115 |
| Accounts Receivable | 601,243 | 843,765 |
| Inventories | 325,748 | 322,692 |
| Prepaid Accounts | 61,975 | 82,344 |
| Unamortized Discounts | 1,770,178 | 1,807,908 |
| Deferred Debits | 27,657 | 19,105 |
| | $23,257,079 | $22,726,298 |

LIABILITIES

| | 1923 | 1922 |
|---|---|---|
| 7% Preferred | $ 4,500,000 | $ 4,000,000 |
| 2nd Preferred | ........ | 500,000 |
| Common | 5,000,000 | 5,000,000 |
| Funded Debt | 11,050,000 | 11,050,000 |
| Notes and Loans | 200,000 | 200,000 |
| Accounts Payable | 159,254 | 161,966 |
| Customers' Deposits | 93,598 | 127,954 |
| Accrued Accounts | 235,012 | 187,985 |
| Reserves | 1,506,105 | 1,233,206 |
| Surplus | 513,110 | 265,187 |
| | $23,257,079 | $22,726,298 |

### *Northern Indiana Gas and Electric*

The Northern Indiana Gas and Electric Company furnishes electric or gas service in thirty-seven communities in northern Indiana which, because of its great industrial development, is known as "The Workshop of America."

Electric light and power and gas services are furnished in Hammond, East Chicago, Indiana Harbor, Whiting, Michigan City and Lafayette. Gas service is furnished in South Bend, Mishawaka, Fort Wayne, Logansport, Crawfordsville, Wabash, Plymouth, Peru, and several other communities. The business of the company shows a steady and substantial growth from year to year. Sales of gas in 1917 totaled 2,086,392,789 cubic feet. In 1923, sales of gas had increased to 3,357,220,700 cubic feet, or an increase of approximately 61 per cent.

Sales of electricity increased from 51,304,955 kilowatt hours in 1917 to 124,771,986 kilowatt hours in 1923, or an increase of 143 per cent in seven years. The gross operating revenue of the company in 1917 was $3,161,615. In 1923 it totaled $7,806,742, or an increase of 147 per cent. The gross revenue for 1923 increased $1,135,687.27 over the previous year, or an increase of 17 per cent. Sales of electricity increased 26 per cent and sales of gas increased 17 per cent in 1923 over 1922.

The great industrial territory served by this company is developing rapidly. During the present year the company has made expenditures totaling approximately $4,500,000 for new plants, additions to plants and other equipment and facilities which will enable it to meet the growing demands for service.

A new gas manufacturing plant which will be one of the most modern in the country is being built at Fort Wayne. This plant, which will be a combination coal, gas and water gas plant, will practically double the present capacity of the Fort Wayne plant which has been outgrown because of the rapid increase in the use of gas in that city, particularly for industrial purposes.

A new gas holder with a capacity of 2,000,000 cubic feet has been built in connection with this new plant and will be ready for use soon after the first of the year. The new plant will be completed and placed in operation early in the summer of 1925.

In Michigan City the company has built a new type of gas holder—the first one of its kind to be built in America. This gas holder, which has a capacity of 1,000,000 cubic feet is about completed and will be placed in operation soon after January 1, 1925. It is what is known as a "waterless" gas holder, no water being used to seal the holder, as is the practice in all other holders in use in the United States. Additional gas manufacturing equipment has been installed in South Bend and Lafayette, increasing substantially the capacity of the plants in those cities.

The company had 9,750 stockholders on December 15, 1924, compared with 394 on October 13, 1923. This is a gain of 2,361 per cent in fourteen months as a result of the sale of the company's 7 per cent preferred stock to customers, employes and other investors. In addition, 4,204 investors are buying this preferred stock on the monthly savings plan.

Officers—President, Samuel Insull; Vice Presidents, J. T. Hutchings, S. E. Mulholland, Morse DellPlain; Vice President and Assistant to the President, Samuel Insull, Jr.; Treasurer, George F. Mitchell; Assistant Treasurer, H. W. Duncan; Secretary, W. D. Boone; Assistant Secretary, B. P. Shearon; Comptroller, P. A. Erlach.

Directors—Samuel Insull, John H. Gulick, S. E. Mulholland, Morse DellPlain, B. P. Shearon, Charles W. Chase, Edward W. Lloyd, Samuel Insull, Jr., and Thos. G. Hamilton.

### *Northwest Utilities Co.*

THE North West Utilities Co. is a public utilities corporation serving through its subsidiary operating companies many communities in Southern and Central Wisconsin, together with a few in the northern section of the same state and those in the adjoining territory of Michigan. Such communities as Fond du Lac, Edgerton, Madison and Milwaukee are among the 102 served by this corporation. Electrical energy at wholesale is supplied to 73 other communities and various mines and summer colonies are also served.

Capital stock authorized consists of $30,000,000 preferred and 150,000 shares of common, no par value. There are outstanding $5,283,200 in preferred and $3,633,825 of common. There is also outstanding $850,000, 6 per cent collateral trust gold notes.

In his address to the stockholders under date of April 16, 1924, President Samuel Insull said in part: "Compared with the year 1922, the net earnings of subsidiary companies increased 136 per cent and those of the North West Utilities Co. represent an increase of 237 per cent.

"The operating companies whose earnings and expenses are included in the foregoing statement are Wisconsin Power Light, and Heating Co., Wisconsin River Power Co., Southern Wisconsin Power Co., Mineral Point Public Service Co., Janesville Electric Co., Eastern Wisconsin Electric Co., Badger Electric Service Co., Lake Superior District Power Co., and Southern Wisconsin Electric Co.

"The total number of customers served at Dec. 31, 1923, was 62,703, an increase of 40,205 during the fiscal year. The connected load at the end of the year was 154,544 kilowatts. The total energy output to customers during the year was 248,896,919 kilowatt hours.

"During the fiscal year the Company acquired the controlling interest in the Lake Superior District Power Co., the Southern Wisconsin Electric Co., and the Badger Electric Service Co.

"The Eastern Wisconsin Electric Co. increased during the year the boiler capacity of its large, modern steam power station at Sheboygan, added improvements to its railway system, and had in process of installation at the close of the year additional gas-making capacity at the Fond du Lac gas plant.

"The Wisconsin Power Light and Heat Co. erected a 13,200-volt transmission line from Markesan to Kingston and Dalton, Wis., a distance of 12 miles."

The earnings and expenses of the subsidiary companies and the North West Utilities Co. were as follows:

| | |
|---|---|
| SUBSIDIARY COMPANIES | |
| Gross earnings | $ 5,669,677 |
| Operating expenses and taxes | 3,477,653 |
| Net earnings | $ 2,192,025 |
| Interest and other charges | 1,386,290 |
| Net income | $ 805,735 |
| Proportion paid or accruing to outside holders | 291,829 |
| Proportion paid or accruing to North West Utilities Co. | $ 513,906 |
| NORTH WEST UTILITIES CO. | |
| Earnings from subsidiaries | $ 513,906 |
| Other income | 176,097 |
| | $ 690,003 |
| Administrative Co. | 13,158 |
| Net earnings | $ 676,845 |
| Gold note interest | 51,000 |
| | $ 625,845 |
| Other interest | 109,741 |
| Net income | $ 516,104 |

Directors: Walter S. Brewster, Britton I. Budd, Martin J. Insull, Samuel Insull, Samuel Insull, Jr., L. E. Myers, Marshall E. Sampsell.

Officers: Samuel Insull, president; Martin J. Insull, vice-president; Eustace J. Knight, secretary; Oliver E. McCormick, treasurer.

### *Pacific Gas & Electric Company*

Pacific Gas & Electric Company, incorporated in California in 1905, is the most important public utility corporation on the coast.

It owns and operates extensive properties used in the production and sale of electricity and gas for light, heat and power; owns and operates also the street railway system of Sacramento, and is engaged in the sale of steam for heating and of water for irrigation purposes. The company operates in thirty-eight counties of central and northern California whose estimated population exceeds 2,200,000, and which includes the important San Francisco Bay section, the Sacramento and San Joaquin Valleys, serving eight of the twelve largest cities in California. The corporation holds franchises believed to be perpetual in more than 175 cities and towns. Pacific Gas & Electric Company ranks second in the United States in its output of hydro-electric energy, and fourth in the output of power generated in both hydro-electric and steam electric stations. It operates now twenty-six hydro-electric plants with a combined capacity of 415,348 H. P. and four steam electric generating plants at San Francisco, Oakland, Sacramento and North Beach, with an installed capacity of 173,592 H. P., bringing the aggregate installed capacity of all plants to 588,940 H. P. Electric service is furnished to 288 cities and towns in California with a combined population of 1,740,000. Of these communities, 329 receive direct service and the remaining 49 cities and towns, with a total population of 200,000, are being supplied indirectly.

The company supplied during 1923 13,674,794,300 cubic feet of gas. To supply this amount of gas required 3,608 miles of gas mains of various sizes from 2 inches to 36 inches. Increase in sales over 1922 was 1,320,945,300 cubic feet.

Capital (as of December 31, 1923)—$54,274,984 first preferred 6 per cent cumulative stock; $24,100 original preferred 6 per cent cumulative stock, and $35,630,885 common stock, a total of $89,929,969 stocks.

Bonds—Following is a detailed list of the $129,592,600 par value of bonds in the hands of the public outstanding, as of December 31, 1923:

| | | |
|---|---|---|
| P. G. & E. Co. 1st & refunding series A.7 | Dec. 1, 1940 | $ 10,720,000 |
| P. G. & E. Co. 1st & refunding series B.6 | Dec. 1, 1941 | 20,000,000 |
| P. G. & E. Co. 1st & refunding series C.5½ | Dec. 1, 1952 | 20,000,000 |
| P. G. & E. Co. general and refunding....5 | Jan. 1, 1942 | 35,822,000 |
| C. G. & E. Corp unifying and refund'g..5 | Nov. 1, 1937 | 17,188,000 |
| C. G. & E. Corp. gen. mtge. & coll. tr...5 | Mar. 1, 1933 | 3,280,000 |
| Bay Counties Power Co. 1st cons mtge..5 | Sept. 1, 1930 | 746,000 |
| Bay Counties Power Co. 2d mtge.......6 | Apr. 1, 1931 | 462,000 |
| Nevada Co. Electric Power Co..........6 | Oct. 1, 1928 | 59,000 |
| Yuba Electric Power Company..........6 | June 1, 1929 | 170,000 |
| Valley Counties Power Co. 1st mtge....5 | May 1, 1930 | 1,428,000 |
| Cal. Central Gas & Electric Co.........5 | Aug. 1, 1931 | 464,000 |

| | | |
|---|---|---|
| Sacramento Electric Gas & Ry. Co......5 | Nov. 1, 1927 | 1,668,000 |
| Blue Lakes Water Co..................6 | Mar. 15, 1938 | 713,000 |
| United Gas & Electric Co.............5 | July 1, 1932 | 985,000 |
| South Yuba Water Co. cons. mtge......6 | July 1, 1923 | none |
| The Standard Electric Co. of Cal.......5 | Sept. 1, 1939 | 1,865,400 |
| Suburban Light & Power Co...........6 | Aug. 1, 1938 | 220,500 |
| San Francisco Gas & Electric Co........4½ | Nov. 1, 1933 | 6,263,000 |
| Pacific Gas Improvement Co............4 | Sept. 1, 1930 | 376,000 |
| Mutual Electric Light Co...............5 | June 1, 1934 | 141,000 |
| Metropolitan Gas Corporation...........5 | Dec. 1, 1941 | 995,500 |
| Oroville Light & Power Co.............6 | Feb. 1, 1927 | 1,500 |
| Northern Cal. Power Co. cons. refunding and consolidating...............5 | Dec. 1, 1948 | 4,007,000 |
| Northern Cal. Power Co. 1st mtge......5 | June 1, 1932 | 558,000 |
| Keswick Electric Power Co. 1st mtge....5 | June 1, 1931 | 22,000 |
| Battle Creek Power Co. 1st mtge........5 | Feb. 2, 1936 | 66,000 |
| Sacramento Valley Power Co. 1st mtge..6 | May 1, 1929 | 173,300 |
| The Sacramento Valley Power Co. 1st and refunding ....................6 | July 1, 1941 | 456,000 |
| Calif. Telephone & Light Co. 1st mtge...6 | Apr. 1, 1943 | 742,400 |
| Total ............................................. | | $129,592,600 |

Dividends—Dividends at the rate of 6 per cent are being paid on the preferred shares; dividends at the rate of $1.50 were paid during the first three-quarters of 1923 and $2.00 per share was declared and paid on the last quarter, establishing the stock on an 8 per cent annual dividend basis. This rate is continuing to date.

EARNINGS

| | 9 months ended September 30 1924 | Calendar year 1923 | Calendar year 1922 |
|---|---|---|---|
| Gross, including miscellaneous income .................... | $33,272,970 | $39,971,742 | $39,204,605 |
| Maintenance, operating expenses, rentals, etc. .............. | 20,966,054 | 19,463,523 | 19,726,663 |
| Net income before depreciation. | 12,306,916 | 16,478,332 | 15,787,729 |
| Interest charges .............. | 4,696,867 | 6,165,817 | 5,148,614 |
| Reserve for depreciation, etc... | 2,679,450 | 10,312,515 | 10,639,115 |
| Surplus ...................... | 4,930,598 | ......... | ......... |

In "Pacific Service Magazine" for October 24, the quarterly publication of Pacific Gas & Electric Company, the following appeared:

"The company during August, 1924, made a net addition of 5,531 customers to its lines, this being the largest gain in active meters during any month of the current year. The total number of customers receiving service at the close of August was 742,971. In August sales of electricity increased 13,963,089 k. w. h., or 12.32 per cent over August, 1923, and in the first 8 months of this year electric sales increased 97,723,184 k. w. h., or 12.47 per cent. In the gas department sales during August showed an increase of 117,045,200 cu. ft., or 12.19 per cent, and in the 8 months ended August 31, 1924, increased 1,063,554,800 cu. ft., or 11.72 per cent. The company sold more gas in the first 8 months of 1924 than in any entire 12 months period prior to 1920. This increase of approximately one-third in volume of gas sales during a period of less than 5 years is entirely the result of normal growth and of creative sales effort, no existing gas properties having been acquired by the company during this period.

"Our construction program in the Pit River region and in other parts of our territory is quite heavy, but the present cash balance should be sufficient to take care of construction requirements during the remainder of the current year and well into 1925."

Officers—W. E. Creed, President; Frank A. Leach, Jr., Vice-President and General Manager; A. F. Hockenbeamer, Vice-President and Treasurer; D. H. Foote, Vice-President and Secretary.

The main office of Pacific Gas & Electric is located at 445 Sutter Street, San Francisco, California.

### *The Peoples Gas Light & Coke Co.*

THIS corporation does the entire gas business of Chicago. It was incorporated, by special perpetual charter, in Illinois in 1885, and in 1897 the legislature passed an act permitting consolidation of the gas companies then existing in Chicago. In this way, the Peoples Gas acquired the Ogden and Universal Gas Companies. It also owns a controlling interest in the Indiana Natural Gas & Oil Co. whose security it has guaranteed in exchange for the supply of natural gas.

The authorized capital stock of Peoples Gas Light & Coke Co. is $50,000,000 of which $38,500,000 is now outstanding. The funded debt consists of $1,712,000 general and refunding bonds maturing 1963 bearing 5 per cent interest; $20,554,000 refunding 5's maturing in 1947 and $23,911,000 underlying prior lien bonds. The company has also guaranteed principal and interest on $6,000,000 Ogden Gas 5's maturing May 1, 1945; $6,000,000 Indiana Natural Gas & Oil Co. 5's maturing May 1, 1936, and $13,000,000 Chicago By-Products Coke Co. 7's now being retired by series beginning February 1, 1924. These latter three bond issues are not listed as liabilities on the company's balance sheet, nor has the interest on the Chicago By-Products Coke Co. become a charge against the Peoples Gas Light & Coke Co.

Peoples Gas, Light & Coke Co. has made a wonderful come-back in the past three years. Notwithstanding reduced rates and the higher cost of materials, the total income for calendar year ended December 31, 1923, aggregated $31,510,369. This contrasts with total income in 1922 of $30,561,725. Net earnings for calendar year 1923 aggregated $4,198,514 against $3,261,997 in 1922. It is from the standpoint of actual cost production, however, that the corporation has made great strides forward. In the calendar year ended December 31, 1923, the total gas sold totalled 29,791,110,822 cubic feet. Stockholders of Peoples Gas and others who may be interested in production statistics will find a most interesting table on the comparative costs and income of the Peoples Gas, Light & Coke Co. for the four-year period 1920 to 1923, inclusive, in the annual report of that corporation for the fiscal year ended December 31, 1923.

The comparative income statements for calendar years 1922 and 1923 are as follows:

| | 1923 | 1922 |
|---|---|---|
| Operating revenues ........................ | $30,615.188 | $29,645,777 |
| Operating expenses, including charge for retirement of $1,232,020 .................. | 20,753,354 | *21,045,728 |
| Net operating revenues ................. | $ 9,861,834 | $ 8,600,049 |
| Other charges, including taxes, etc........... | 2,513,164 | 2,220,081 |
| Net operating income ................... | $ 7,348,670 | $ 6,379,967 |
| Other income .............................. | 895,811 | 918,027 |
| Total income .......................... | $ 8,243,851 | $ 7,297,994 |
| Deductions from total income................. | 1,687,487 | 1,678,147 |
| | $ 6,556,364 | $ 5,619,847 |
| Interest on funded debt...................... | 2,357,850 | 2,357,850 |
| Net income ............................ | $ 4,198,514 | $ 3,261,997 |
| Less dividends paid ......................... | 2,983,750 | 1,924,980 |
| Balance to surplus ..................... | $ 1,214,764 | $ 1,337,017 |

*Including deductions.

In his report to stockholders, President Samuel Insull said, in part:

"The item 'Dividends Paid and Declared' in the income account includes the four dividends paid in 1923 and the dividend declared in December, 1923, and payable in January, 1924. Heretofore dividends have not been deducted from income until paid. This practice has been changed and the deduction is now made in the period during which dividends are declared.

"The term 'Charge for Retirement' under operating expenses in the foregoing income account is used in substitution for the term 'Depreciation' heretofore used. This change is in compliance with the uniform classification of accounts prescribed by the Illinois Commerce Commission.

"The Board is pleased to report that the dividend on the capital stock of the company has been increased to the rate of seven per cent per annum, the first quarterly payment at that rate being made to stockholders of record on January 3, 1924.

"In an order entered by the Illinois Commerce Commission in July, 1923, effective August 1, 1923 the Commission reduced the rates for gas. This reduction involves a loss of approximately one and one-half millions of dollars of gross revenue per annum and diligent efforts are being made to offset its effect on the net income of the Company by rigorous economy of operation and increased efficiency together with increased sales of gas. The order of the Commission also provided for a new rate for industrial gas and a new rate for house or space heating.

"As a result of vigorous efforts to increase the industrial gas business together with the new industrial gas rate, there has been a marked increase in the sales of gas for industrial purposes. There has also been a substantial increase in the sale of gas for domestic purposes, accounted for in part by an increase in the sale of gas per meter. The intensive home cooking campaign conducted by the Company has contributed to this result.

"Relations with our employes are satisfactory. Wages were increased during the year.

"The quality of service rendered to the consuming public is evidenced by the Company's relations with its consumers, which are highly satisfactory.

"The number of meters in service at the end of the year was 750,746, an increase of 25,631 over the previous year. This increase is a result largely of the increased activity in building construction during the year. The number of building permits being issued promises a further increase in the number of meters in service.

"The Supreme Court of Illinois on a consideration of the appeals in the case involving the valuation of the property of the Company reversed the order of the Circuit Court of Sangamon County and remanded the case to that court with instructions to enter an order either affirming or setting aside the order of the Commission. This decision of the Supreme Court did not involve any determination of the action of the Commission in fixing the value of the property of the Company, but is important to public utilities in defining the powers of the Circuit Court of Sangamon County and in establishing a program for a speedy review by the Supreme Court of the action of the Commission in such cases.

"The Company has 7,400 stockholders, an increase of 846 over last year. In addition to this number there are 1,514 individuals who are purchasing stock of the Company on an installment payment plan which will bring the number of stockholders to 8,914. Of these 6,178 are residents of the State of Illinois, and 5,303 are residents of the City of Chicago, an increase in the latter figure of 2,422 over last year."

Balance sheet comparisons follow:

| ASSETS | 1923 | 1922 |
|---|---|---|
| Investment | $106.463,072 | $103,745,376 |
| Sinking funds | 12,009 | 12,009 |
| Deferred charges | 5,835,006 | 5,832,312 |
| Reserve funds | 2,298,834 | 1,772.592 |
| Current assets | 7,661,381 | 6,843,782 |
| | $122,270,302 | $118,206,072 |
| **LIABILITIES** | | |
| Capital stock issued | $ 38,500,000 | $ 38,500,000 |
| Underlying prior lien bonds | 23,911,000 | 23,911,000 |
| Refunding mortgage bonds, 1897 | 20,554,000 | 20,554,000 |
| General and refunding bonds, 1913 | 1,712,000 | 1,712,000 |
| Deferred credits | 401,527 | 2,427 |
| Retirement and other reserves | 13,313,184 | 12,375,343 |
| Current liabilities | 6,646,911 | 5,077,505 |
| Surplus | 17,231,680 | 16,073,796 |
| | $122,270,302 | $118,206,072 |

Directors: Samuel Insull, James A. Patten, John J. Mitchell, Stanley Field, Charles A. Munroe.

Officers: Samuel Insull, president; Charles A. Munroe, vice-president; Theodore V. Purcell, secretary; George F. Mitchell, treasurer; William A. Sauer, comptroller; Walter I. Coble, auditor; Robert Blair, assistant secretary; Albert L. Tossell, assistant treasurer; William R. Weldon, assistant treasurer.

### *Public Service Company of Colorado*

This corporation is a successor by merger to the properties of Denver Gas & Electric Company and Western Light & Power Company. It supplies without competition electric light and power service in a number of cities and communities in Colorado, including the cities of Denver and suburbs, Boulder, Fort Collins and Loveland, and through a subsidiary supplies electric light and gas and steam heating service to the city of Cheyenne, Wyoming. The company also supplies gas and steam heating service to the city of Boulder and owns and operates the street railway system in Boulder.

Capital—$25,000,000 authorized, $3,500,000 outstanding first preferred 7 per cent cumulative; $15,000,000 authorized and outstanding common.

Bonds—$5,000,000 outstanding first and refunding 6's, Series A; $18,517,400 divisional bonds including $17,310,400 5's; $1,207,000 7½'s; $2,250,000 authorized and outstanding debenture 7's. (To be presently offered.)

Earnings—Recent earnings not available.



### *Pubiic Service Co. of Northern Illinois*

THE PUBLIC SERVICE COMPANY of Northern Illinois provides gas or electric service or both in a total of 202 communities included within an area of approximately 6,000 square miles of northeastern Illinois territory. Of these 202 cities and towns, 22 have a population ranging between 5,000 and 45,000. Electric light and power service is furnished to 197 communities; gas for industrial and domestic use to 56, 6 are supplied with water, and 5 with central station heat. In 52 communities, the Company provides both gas and electric service.

In smaller communities where the population does not exceed 5,000, efficient and continuous 24-hour utility service would not be available for years to come were it not for the rapid development of this Company's central station system.

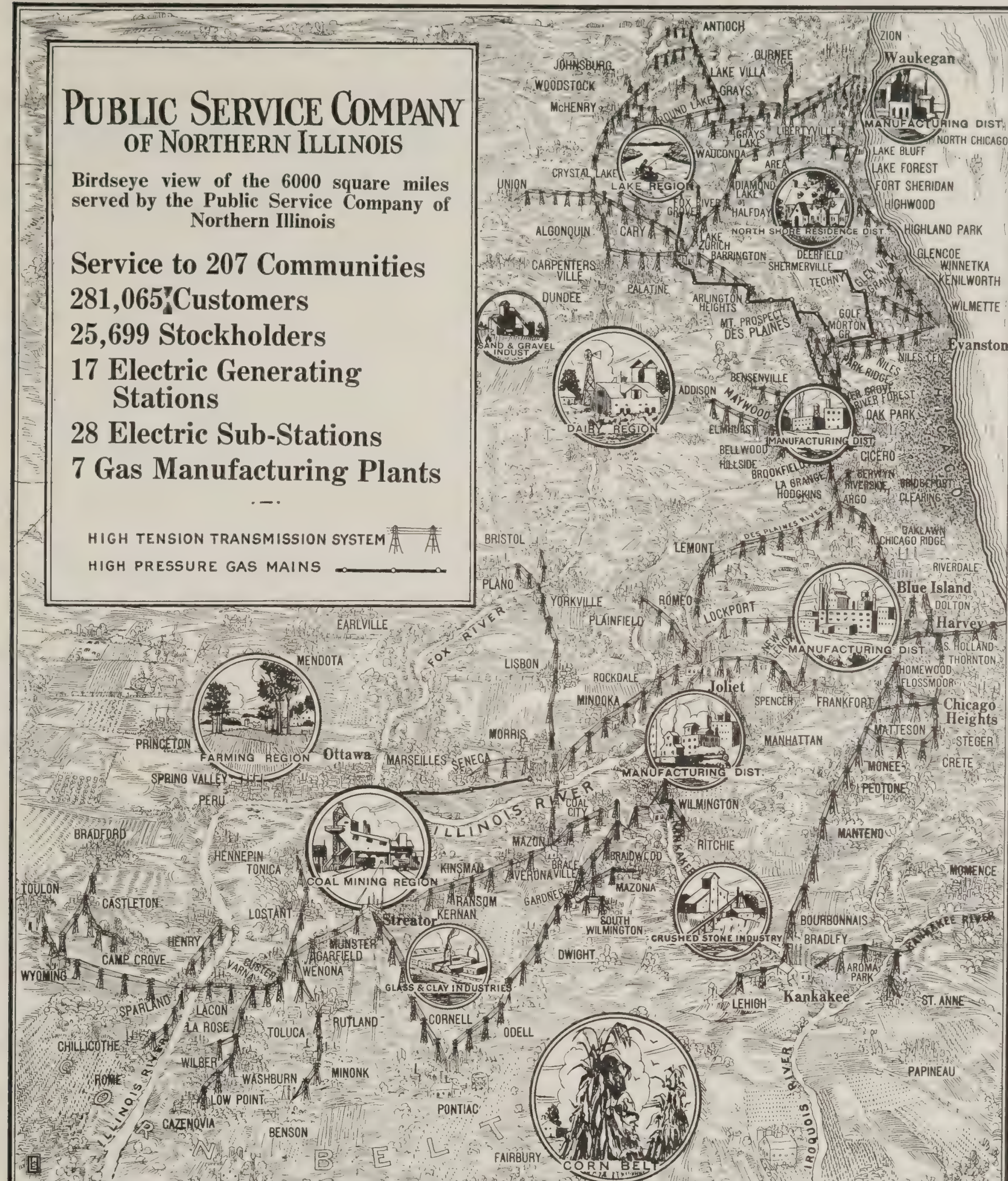
Much attention has been paid to super-power development in this territory. By means of its 18 electric generating stations, advantageously located throughout this widespread area in respect to fuel, water and labor supplies, interconnected by high tension transmission lines, this Company is an example of what can be done in the way of large scale production of electrical energy for wide distribution.

Prior to 1911, the contiguous territory surrounding Chicago derived its electric and gas service from a number of small, independent utilities, many of which were municipally owned and their service unsatisfactory. Some of these smaller companies provided service only a few hours during the day and very few, if any, provided efficient 24 hour service.

Several companies in this territory represented larger consolidations of smaller units. An example of this type was the North Shore Electric Company which provided service to territory north of Chicago along the shore of Lake Michigan.

#### History of the Company

In 1911, Samuel Insull and his associates organized the Public Service Company of Northern Illinois. Five gas




and electric companies were included in the original consolidation. These were the North Shore Electric Company; Economy Light and Power Company; Kankakee Gas and Electric Company; Illinois Valley Gas and Electric Company, and the Chicago Suburban Water and Light Company.

In 1913, the Northwestern Gas Light & Coke Company and the Pontiac Light and Water Company were acquired. Other properties have been acquired from time to time until at present the territory served embraces 15 counties of the State and extends from the Wisconsin state line on the north to Kankakee on the southeast, Woodford County on the south and Stark County on the southwest.

Many of the properties acquired were obsolete and as such were either sold or abandoned. The remaining properties were improved steadily until today every one of the generating stations and gas plants operated by this company are as highly efficient as the most approved engineering methods can make them. The Public Service Company of Northern Illinois is the result of the consolidation, merging or purchasing of 111 large and small companies of which 84 composed the larger companies acquired when this company was founded, twenty-seven being acquired since that time.

**Growth in 1923**

In 1923, the first unit of the 250,000 kilowatt generating station being erected at Waukegan was completed, and a 25,000 kilowatt turbo-generator placed in service. Another generator of 35,000 kilowatt capacity has already been ordered to meet increased demand in the North Shore territory. This plant will ultimately be one of the largest in the country. Large additional capacity for service was also given to the Joliet steam plant by installation of a 30,000 kilo-

watt turbo-generator. This addition increased the total capacity of the Joliet station to 50,000 kilowatts.

In the same year 173,000 feet of gas mains were laid to serve new customers. Completion of a 132,000 volt steel tower transmission line from Waukegan to Evanston, a distance of 27 miles, was a notable achievement.

Properties acquired included the purchasing of the Chicago Heights Gas Company, furnishing gas to Chicago Heights, Steger, Crete and South Chicago Heights; the Momence Utilities Company, serving Momence, Grant Park and Beecher with power and electricity; and the Interurban Public Service Company, operating between a number of small towns in DuPage and Cook Counties. The company also took over the entire electric and power business of Berwyn, population 15,000, which it had partially served for a number of years. In September, the company began serving electric light and power to the City of Blue Island.

At the end of the year 1923, the company was serving a total of 252,981 customers classified according to the service furnished:

| | |
|---|---|
| Electricity | 158,604 |
| Gas | 87,197 |
| Water | 6,053 |
| Heat | 1,127 |
| Total | 252,981 |

**Business Steadily Increasing**

In 1913 the gross revenues of the company amounted to a little over $6,000,000. Then years later, in 1923, they had almost tripled, being $16,014,342. During the year the number of customers increased from 220,160 in 1922, to 252,981, an increase of 15 per cent. The electrical output was 403,886,488 kilowatt hours as compared with 366,843,534 in 1923, and 82,801,556 in 1912.

Out of net earnings there was available for dividends $2,434,394, an increase of 32.6 per cent over the previous year. Interest on the company's bonds was earned 2.17 times. Dividends on preferred stock was earned 4.09 times. The amount available for common stock dividends, after payment of fixed charges and preferred stock dividends, was $11.08 a share as compared with $9.93 in 1922.

At the present time, the company operates 18 electric generating stations and 31 sub-stations. Seven plants are used in the manufacture of gas, and there are 5 heating plants. The company's distribution system includes 882 miles of electrical transmission lines and over 1000 miles of gas distribution mains.

The Waukegan generating station, the first unit of which is now in operation, will be one of the most important links in the great electric network which will cover the northern portion of the Mississippi Valley. In 1923 the actual physical valuation by the Illinois Commerce Commission of the properties owned by the Public Service Company of Northern Illinois, exclusive of those which were not active in providing service, was $60,759,000.00.

**Financial Operations of the Company**

By the end of 1923, all temporary bonded obligations of the Company had been paid off. This left only the permanent funded structure. At the present time, the amount of funded debt in the hands of the public aggregates $18,926,000, first and refunding mortgage 5% gold bonds, and $22,250,000 first lien and refunding mortgage 5½% gold bonds, and $8,458,200 of underlying obligations. The highest rate of interest now being paid by the Company on any portion of its funded debt is 5½ per cent.

In 1923, 11,506 shares of common stock without par value were issued to complete the 1922 authorization of 44,150 shares of this class of stock. In September, 52,980 additional shares of this stock were offered at $94.00 per shore, in the ratio of one share to each five shares of common and preferred stock outstanding. At the end of the year 40,273 shares of this stock were fully paid for and issued, the remainder being issued as of May 1, 1924.

**Super-Power Plan**

The super-power plan, as applied to the territory lying in the upper Mississippi Valley, contemplates the inter-connection of the several large utility systems which operate in this region. The Public Service Company of Northern Illinois also maintains connections with utilities that serve the adjoining territories, although its own system is so comprehensive that its entire area is covered with a network of inter-connected transmission lines.

Like its super-power electric system, the Company masses its gas production in efficient central plants, distributing the product over wide areas, thereby providing service to a large number of households and industries.

As an indication of the super-power development that has already taken place, Public Service Company customers now have inter-connected service available for their use through the plants of the Commonwealth Edison Company, Central Illinois Public Service Company, Northern Illinois Light and Traction Company, Illinois Northern Utilities Company, and indirectly, the Keokuk water-power development.

There are 15 connections with lines of the Commonwealth Edison Company, 2 with those of the Central Illinois Public Service Company, and 3 with other companies.

Following is the income account for calendar years:

| | 1921 | 1922 | 1923 |
|---|---|---|---|
| Operating revenues (not including merchandise sales) | $12,213,315 | $13,712,095 | $16,014,342 |
| Operating expenses (inc. depreciation) | 7,930,826 | 8.889 151 | 10,317,494 |
| Net operating revenues | $ 4,282,489 | $ 4,822,944 | $ 5,696,848 |
| Other charges— | | | |
| Uncollectible operating revenue. | 46,620 | 31,831 | 36,174 |
| Taxes assignable to operations | 672,000 | 900.000 | 1,080,000 |
| Net operating income | $ 3,563,868 | $ 3 891.113 | $ 4,580,673 |
| Other income | 466,151 | 513,021 | 726,367 |
| Gross income | $ 4,030,020 | $ 4,404,134 | $ 5,307,040 |
| Deductions from gross income | 429,875 | 551,298 | 798,962 |
| | $ 3,600,144 | $ 3,852,836 | $ 4,508,078 |
| Interest on funded debt | 2,020,608 | 2,017,366 | 2,073,683 |
| Net income | $ 1,579,535 | $ 1,835,470 | $ 2,434,394 |
| SURPLUS ACCOUNT | | | |
| Previous surplus | $ 1,441,297 | $ 1,700,974 | $ 2,130,536 |
| Transferred from net income | 1,579,535 | 1,835,470 | 2,434,394 |
| Div. paid during year—Pre. stock | 518,817 | 589,132 | 595,272 |
| | $ 1,060,718 | $ 1,246,338 | $ 1,839,123 |

| | | | |
|---|---|---|---|
| Common stock | 785,456 | 799,965 | 1,075,926 |
| Balance carried to surplus | $ 275,262 | $ 446,372 | $ 763,197 |
| | $ 1,716,560 | $ 2,147,346 | $ 2,893,733 |
| Deductions from surplus | 15,586 | 16,810 | 314 |
| Balance surplus unappropriated | $ 1,700,973 | $ 2,130,536 | $ 2,893,419 |

The comparative balance sheet as of December 31, 1923, is as follows:

| | | |
|---|---|---|
| ASSETS | | |
| Plant and equipment | $62,155,571 | $70,059,540 |
| Sinking funds | 177,863 | 263,874 |
| Miscellaneous physical property | 4,692 | ......... |
| Investments in affiliated companies | 697,025 | 5,395,965 |
| Miscellaneous investments | 358,578 | 1,066,456 |
| Reacquired securities | 5,000 | ......... |
| Securities issued—held in treasury | 599,700 | 118,075 |
| Total investment | $63,998,429 | $76,903,910 |
| Cash | 1,321,739 | 4,408,108 |
| Special deposits | 107,474 | 107,962 |
| Loans and notes receivable | 681,631 | 343,442 |
| Accounts receivable | ......... | 169 936 |
| Marketable securities | 2,723,119 | 2,877,045 |
| Interest, dividends and rents receivable | 13,879 | 11,542 |
| Materials and supplies | 764,956 | 1,019,913 |
| Fuel (coal, oil, etc., in storage) | 573,674 | 653,560 |
| Subscribers to capital stock | ......... | 538,762 |
| Miscellaneous current assets | 16,635 | 26,679 |
| Total current assets | $ 6,203,108 | $10,156,889 |
| Prepayments | 17,500 | 20,661 |
| Unamortized discount and expense on funded debt | 2,727,922 | 4,457,851 |
| Jobbing accounts uncompleted | 147,344 | 255,347 |
| Clearing or apportionment accounts | 383,849 | 379,848 |
| Other unadjusted debts | 920,436 | 1,623,944 |
| Total unadjusted debits | $ 4,179,551 | $ 6,716,991 |
| Reserve funds | 315,570 | 337,619 |
| Total assets | $74,714,157 | $94,136,059 |
| LIABILITIES | | |
| Capital stock— | | |
| Preferred | $10,000,000 | $10,000,000 |
| Common | 12,075,000 | 12,075,000 |
| Common without par value | 3,048,531 | 7,916,542 |
| Subscriptions to capital stock | 716,471 | 1,194,458 |
| Funded debt | 37,160,300 | 49,634.200 |
| Total capital liabilities | $63,000,302 | $80,820,200 |
| Loans and notes payable | 1,003,075 | 705,155 |
| Accounts payable | 556,073 | 959,945 |
| Customers' deposits | 700,826 | 509,420 |
| Total current liabilities | $ 2,259,974 | $ 2,392,819 |
| Interest accrued | 464,238 | 489,891 |
| Taxes accrued | 254,137 | 424,914 |
| Total accrued liabilities | $ 718,375 | $ 914 805 |
| Other unadjusted credits | 2,369,863 | 2,063,419 |
| Total unadjusted credits | $ 2,369,863 | $ 2,978,224 |
| Retirement reserve | 3,911,845 | 4,328,010 |
| Other reserves | 323,261 | 382,758 |
| Total reserves | $ 4,235,105 | $ 4,710,768 |
| Surplus unappropriated | 2,130,536 | 2,893,419 |
| Total liabilities | $74,714,157 | $94,136,059 |

Directors: Henry A. Blair, Britton I. Budd, Walter S, Brewster, Louis A. Ferguson, William A. Fox, John F. Gilchrist, John H. Gulick, Martin J. Insull, Samuel Insull, Samuel Insull, Jr., Frank G. Logan, Edward P. Russell, Solomon A. Smith.

Officers: Chairman of the board of directors, Samuel Insull; president, Britton I. Budd; vice-presidents, John H. Gulick, Julius L. Hecht, John G. Learned, Charles W. Bradley; secretary and treasurer, George R. Jones; comtroller, R. S. Holden; auditor, S. J. Palmer; assistant secretary and treasurer, Joseph W. Kehoe; assistant secretary and treasurer J. M. Nelson, assistant secretary and treasurer, E. E. Brenneman; assistant auditor, H. W. Wyman.

Transfer agent: Self, 72 W. Adams St., Chicago.

Registrar: Central Trust Company of Illinois, Chicago

General Offices: 72 W. Adams St., Chicago.

Annual Meeting: Last Monday in February.

### *Public Service Co. of Oklahoma*

THE Public Service Co. of Oklahoma is a public utilities corporation serving Tulsa and nearby communities with electric power and ice. Its funded debt consists of $3,-413,000 first and ref. 6s series "A," $636,000 general mtge. 6s outstanding, $388,500 first mtge. prior lien 5s, and $99,000 Guthrie Light and Power Co. general mtge. prior lien 5s outstanding, aggregating $4,532,500.

In reporting improved earnings and a continued growth in business at the annual meeting of stockholders, President Fred W. Insull said, in part:

"The gross earnings for 1923 show an increase over 1922 of $157,067, and the electric light and power rates of the Company in Tulsa were reduced 10 per cent.

"The Company added to its lines 3,183 new customers, making the total number 23,020. This expansion represents an increase in connected load of 16 per cent. The total electrical connected load at the end of the year was 39,961 kilowatts exclusive of power furnished street and interurban railways.

"The ice output for 1923 was 47,847 tons as compared with 45,325 tons for 1922.

"The Company was granted 25-year franchises for electric service in Pryor, Salina and Coweta, all containing street lighting and water pumping contracts. Pryor and Salina will be served by a 44-mile 33,000-volt transmission line. Work has been started on a new electric substation and ice plant to serve the east portion of Tulsa."

Following is the income statement for year ended December 31, 1923:

| | |
|---|---|
| Gross earnings, including merchandise sales | $ 1,867,366 |
| Operating expenses, including taxes | 1,280,610 |
| Net earnings | $ 586,756 |
| Interest of funded debt | 229,195 |
| | $ 357,561 |
| General interest and amortization of discount and expenses | 24,227 |
| Available for dividends | $ 333,334 |
| Dividends paid and accrued for year— | |
| On 7% prior lien stock | 40,033 |
| | $ 293,301 |
| On 6% preferred stock | 30,000 |
| | $ 263,301 |
| On common stock | 160,040 |
| Balance carried to surplus | $ 103,261 |

Directors: R. F. Frank, Fred W. Insull, Martin J. Insull, Samuel Insull, F. D. Shaffer.

Officers: Fred W. Insull, president; Martin J. Insull, vice-president; R. F. Frank, secretary; E. E. Ehret, treasurer; Oliver E. McCormick, assistant secretary; A. D. Jones, auditor.

### *Puget Sound Power & Light Company*

This corporation, originally known as the Puget Sound Traction Light & Power Company, changed to its present name in 1920. It has purchased and consolidated properties formerly owned by the Seattle Electric Company, Pacific Coast Power Company, Puget Sound Power Company, Seattle-Tacoma Power Company and Whatcomb Railway and Light Company. Through ownership or control it does the greater part of the electric light and power business in the Puget Sound District, serving among other cities Seattle, Tacoma, Everett and Bellingham, covering a territory whose population is estimated around 600,000. The properties include generating plant with a present initial capacity of 169,720 horse power. It owns also approximately 1060 miles of high tension transmission lines and comprehensive distributing systems consisting of 3,003 of overhead construction and 13 miles of underground conduits. There is actually under construction hydro-electric generating capacity of approximately 69,000 horsepower.

Capital—202,829 shares of common, no par value; $16,-000,000 cumulative 6 per cent preferred, par value $100 and $10,000,000 authorized and outstanding of cumulative prior preference 7 per cent stock of a par value of $100.

Bonds—$25,000,000 first and refunding mortgage Series A 5½'s maturing June 1, 1949; $10,000,000 Pacific Coast Power first mortgage 5's, $3,990,000 outstanding due March 1, 1940; $90,000 Olympia Light & Power first mortgage 5's due January 1, 1935; $263,000 outstanding Twin City Light & Traction first mortgage 6's due January 1, 1935; $1,823,800 outstanding Washington Coast Utilities first mortgage 6's maturing September 1, 1941; $107,000 Washington Coast Utilities 5-year notes bearing 7 per cent; $3,029,000 Seattle Electric first mortgage 5's, due February 1, 1930; $5,111,000 outstanding Seattle Electric Company's consolidated and refunding 5's, due August 1, 1929; $2,636,000 outstanding Puget Sound Power first mortgage 5's, due July 1, 1939; $2,653,000 Seattle-Everett 5's, maturing March 1, 1939; $2,916,000 Puget Sound Electric first and consolidated mortgage 5's, due February 1, 1932; $1,236,000 Tacoma Railway Power first general 5's, due April 1, 1929; $1.310,000 Whatcomb County Light

first 5's, maturing November 1, 1935. In addition to these, there are other obligations bringing the total funded debt to $45,977,100.

EARNINGS

| | Calendar Years | |
|---|---|---|
| | 1923 | 1922 |
| Gross | $12,424,707 | $10,477,609 |
| Net after taxes | 5,543,055 | 5,093,875 |
| Interest | 2,532,624 | 2,439,302 |
| Surplus | 3,010,431 | 2,654,573 |

For the first seven months of 1924, net income after taxes aggregated $3,187,000 against $3,238,000 corresponding period 1923.

Officers—Frederick S. Pratt, Chairman of the Board; A. W. Leonard, President; W.. H. McGrath, Vice-President; Edward T. Steel, Vice-President; William T. Crawford, Clerk; James B. Howe, Secretary; Henry B. Sawyer, Treasurer.

### *Southern Wisconsin Electric Company*

This corporation serves a number of communities in the Lake Geneva and Delavan Lake territory. It also sells electric power to the McHenry County Light and Power Co. and to the Chicago, Harvard and Lake Geneva Railway Co. Comparative income statement for years ended December 31, 1923, follows:

| | 1923 | 1922 |
|---|---|---|
| Gross earnings, including merchandise sales | $293,439 | $326,158 |
| Operating expenses, taxes, etc. | 226,620 | 247,667 |
| Net earnings | 66,319 | 78,491 |
| Gross income | 69,765 | 80,974 |

### *Standard Gas & Electric Co.*

This corporation owns investments in public utility companies operating in sixteen states supplying 841 cities and towns with a population estimated, as of December 31, 1923, at 2,770,000. The public utility properties of Standard Gas & Electric Co. are managed by the Byllesby Engineering and Management Corporation of Chicago and include the following subsidiaries:

Coast Valleys Gas & Electric Co.
Fort Smith Light & Traction Co.
Louisville Gas & Electric Co.
Mobile Electric Co.
Mountain States Power Co.
Northern States Power Co.
Oklahoma Gas & Electric Co.
San Diego Consolidated Gas & Electric Co.
Southern Colorado Power Co.
Southwestern General Gas Co.
Western States Gas & Electric Co.
Shaffer Oil & Refining Co.

The capital stock of Standard Gas & Electric Co., giving effect to financing to April 12, 1924, included the following: $7,500,000 7 per cent cumulative prior preference stock; $16,324,900 8 per cent cumulative preferred stock, $1,000,000 6 per cent non commulative stock and 172,000 shares of common stock without par value. Its funded date as of the above date consisted of the following: $3,750,000 convertible gold debentures 6½'s, maturing 1933; $10,500,000 convertible 6½'s, maturing 1954 and a $15,000,000 closed issue of 20-year 6 per cent gold notes maturing 1935. Its subsidiaries mentioned above are capitalized as follows, all included, preferred stock, $85,052,700 common stock, excepting the no par value stock of Mountain States Power Co., the Southern Colorado Power Co. and Shaffer Oil & Refining Company, $29,786,700. The funded debt of all these subsidiaries combined aggregated, as of December 31, 1923, $177,302,000. The company's earnings have shown consistent growth since its organization 12 years ago. Net earnings have increased from $4,699,814 in 1912 to $16,731,935 in 1923.

The following stable combined earnings of the operated utility companies for the last three years:

| | 1923 | 1922 | 1921 |
|---|---|---|---|
| Gross revenue | $5,196,190 | $4,759,702 | $3,632,745 |
| Net revenue | 5,103 425 | 4,652,126 | 3,564,120 |
| Interest charges | 2,162,596 | 1,840,703 | 1,367,752 |
| Balance | 2,940.829 | 2,811,422 | 2,196,368 |
| Preferred dividends (8%) | 1,297,711 | 1,074,964 | 990,388 |
| Balance | 1,643,118 | 1,736,457 | 1,205,980 |
| Common dividends | 397,500 | ........ | ........ |
| Balance | 1,245,617 | 1,736,457 | 1,205,980 |
| Amortization of debt discount and exp. | *....... | 350,000 | 125,000 |
| Surplus | 1,245,617 | 1,386.457 | 1,080,980 |

*There is no charge against income for the year 1923 for amortization, as the remainder of amortization of debt discount and expense, which heretofore has been prorated annually against income, has been charged to a capital reserve arising from the reclassification of the common stock from shares with par value to shares without par value.

The Company includes in its earnings only amounts actually received or in the process of collection. No so-called applicable earnings—that is, amounts retained for surplus and reserves by the companies in which the Company owns investments—are included in the above earnings statement.

The following statistical summary indicates the growth and extent of the company's activities:

| At Dec. 31 | 1923 | 1922 | 1921 |
|---|---|---|---|
| Electric consumers | 469,786 | 427,199 | 386,750 |
| Gas consumers | 206,068 | 197.336 | 185,840 |
| Water consumers | 4,570 | 4.035 | 3,899 |
| Steam consumers | 1,513 | 1,555 | 1.509 |
| Telephone subscribers | 4,631 | 4,527 | 4,568 |
| Totals | 686,568 | 634,652 | 582,566 |
| Kilowatt lighting load | 585,654 | 512,125 | 461,585 |
| Kilowatt power load | 501,732 | 444,927 | 392,012 |
| Kilowatt railway load | 14,743 | 14,158 | 13,642 |
| Total K. W. connected | 1,102,129 | 971,210 | 867,239 |
| *Kilowatt hour output | 1,291,320,470 | 1,143,403,306 | 1,012,401,853 |
| *Gas output (cu. ft.) | 18,808,022,000 | 17,082,555,000 | 14,828,512,000 |

*For calendar years.

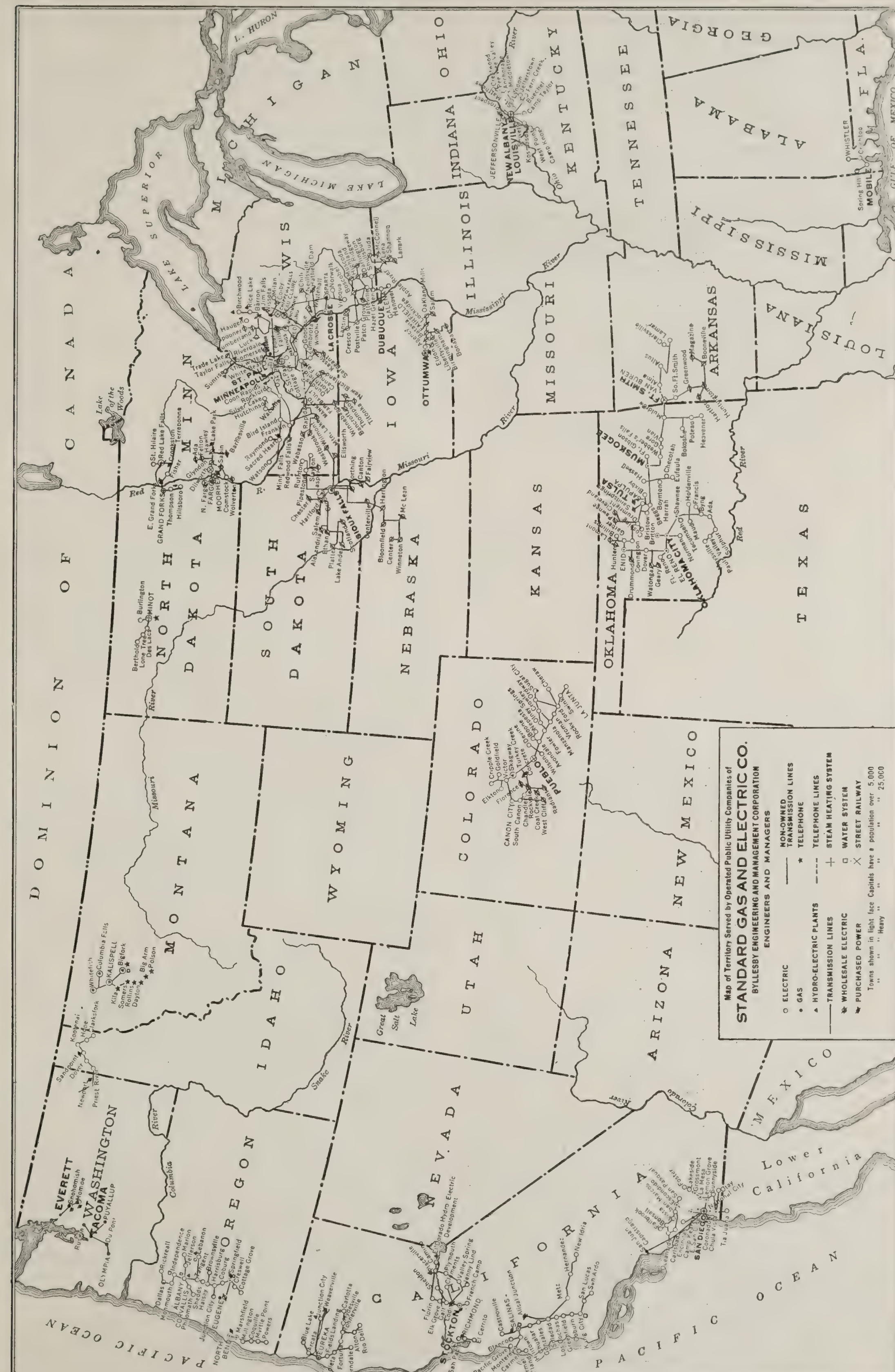
The capitalization of Standard Gas & Electric Co. and the Utilities Investment Co. consist of $16,324,900 8 per cent cumulative outstanding stock and 212,000 shares of common stock without par value. The funded debt as of December 31, 1923, aggregated $32,776,000, distributed as follows: $2,286,000 sinking fund 7½'s; $1,962,400 convertible 7's; $15,000,000 20-year 6 per cent notes maturing October 1, 1935; $5,875,000 convertible debenture 6½'s maturing March 1, 1933; $4,756,000 convertible sinking fund 6's maturing December 1, 1926 and $2,500,000 gold notes 7's maturing April 1, 1925. In his annual report only a few weeks before his death, on April 12, 1924, President H. M. Byllesby said, in part:

"The progress of your Company during 1923 was very satisfactory. The balance available for dividends was the largest in the history of the Company. Dividends at the rate of 8 per cent per annum were paid on the preferred stock and the payment of dividends on the common stock at the rate of $2.50 per share per annum was inaugurated for the quarter beginning April 1, 1923. The common dividends were increased to the rate of $3.00 per share per annum for the quarter beginning January 1, 1924.

"The interest of stockholders have been substantially improved by certain changes in the capital structure of the Company, authorized at a special meeting of the stockholders March 19, 1924. The recommendations of your Directors to authorize the issue of 7 per cent cumulative prior preference shares and 6 per cent non-cumulative stock were approved by a conclusive vote of the stockholders.

"In April, 1924, the Company sold $7,500,000 par value of the authorized 7 per cent prior preference stock and $1,000,000 par value 6 per cent non-cumulative stock. From the proceeds will be retired the $4,670,000 6 per cent convertible sinking fund gold bonds, due December 1, 1926; the remaining proceeds to provide funds for further development of your Company. Upon the completion of this financing the Company will have no secured funded debt, and of the Company's other funded debt then outstanding, $14,250,000 will represent 6½ per cent gold debentures, due in 1933 and 1954, convertible into common stock. Already $2,000,000 of the 6½ per cent debentures due in 1933, previously outstanding, have been converted into common stock.

"The preferred and common stocks for some time have been actively traded on the Chicago Stock Exchange, and in order to provide a broader market for the common shares application is now being made to list the common stock on the New York Stock Exchange. As the common stock enhances in value the conversion privileges become more attractive, resulting in the steady reduction of the Company's funded debt. The present dividend rate of $3.00 per share on the common stock is amply justified by the earnings, and the policy of increasing the dividend rate on the common stock commensurate with the earnings will be continued.


Map of Territory Served by Operated Public Utility Companies of
STANDARD GAS AND ELECTRIC CO.
BYLLESBY ENGINEERING AND MANAGEMENT CORPORATION
ENGINEERS AND MANAGERS
ELECTRIC
GAS
HYDRO-ELECTRIC PLANTS
TRANSMISSION LINES
WHOLESALE ELECTRIC
PURCHASED POWER
NON-OWNED TRANSMISSION LINES
TELEPHONE
TELEPHONE LINES
STEAM HEATING SYSTEM
WATER SYSTEM
STREET RAILWAY
Towns shown in light face Capitals have a population over 5,000
" " " Heavy " " " " " 25,000
DOMINION OF CANADA
WASHINGTON
OREGON
CALIFORNIA
NEVADA
IDAHO
MONTANA
WYOMING
UTAH
ARIZONA
COLORADO
NEW MEXICO
NORTH DAKOTA
SOUTH DAKOTA
NEBRASKA
KANSAS
OKLAHOMA
TEXAS
MINN
IOWA
MISSOURI
ARKANSAS
LOUISIANA
WIS
MICHIGAN
ILLINOIS
INDIANA
OHIO
KENTUCKY
TENNESSEE
MISSISSIPPI
ALABAMA
GEORGIA
FLA.
MEXICO
Lower California
PACIFIC OCEAN
GULF OF MEXICO
LAKE SUPERIOR
LAKE MICHIGAN
L. HURON
Great Salt Lake

"During the year 1923 the number of communities served by the operated utility companies increased from 665 to 841, and their combined estimated population from 2,375,000 to 2,770,000. The total number of customers served directly (not including the customers of other companies and municipalities supplied on a wholesale basis) increased from 570,716 to 686,568. The installed steam and hydro-electric horsepower increased from 418,472 to 630,847, and gas manufacturing capacity from 28,725,000 cubic feet per day to 45,114,200 cubic feet. These companies now own and operate over 12,700 miles of electric transmission and distributing lines. The properties are maintained at a high degree of operating efficiency.

"The Byllesby Engineering and Management Corporation, which is owned by Standard Gas and Electric Company, and performs the engineering and management services for the operated companies, again increased its business. This subsidiary enjoys the highest standing for specialized ability in the administration of public utility propertes, and is completely organized and equipped for such duties. The growth of business of the operated utility companies necessitated new construction for the year 1923 requiring the expenditure $31,471,106. This embraced a number of large engineering projects which have been completed and placed in successful operation, including the following:

"The first unit—27,000 horsepower—of the El Dorado hydro-electric development for the Western States Gas & Electric Company ot California, the 30,000 horsepower Riverbank steam-electric station in Oklahoma, the installation of 27,000 horsepower of additional electrical generatin capacity and the construction of a 12,000,000-cubic-foot gas manufacturing plant for the Louisville Gas & Electric Company a 6,000,000-cubic-foot gas holder for the San Diego Consolidated Gas & Electric Company, and a large number of important substations, transmission lines and other improvements.

"Work was well advanced on construction of the new High Bridge steam-electric station, initial capacity 80,000 horsepower, for the Northern States Power Company at St. Paul, a new 10,000 horsepower steam-electric station at Sioux Falls, a new 20,000 horsepower stations for the Oklahoma Gas & Electric Company near Oklahoma City, the new Aldrich substation at Minneapolis, the reconstruction of hydro-electric plants at Albany, Oregon, and Kalispell, Montana, and a new 4,000,000-cubic-foot gas plant at Tacoma, Washington.

"Operating functions were carried forward in 1923 with marked success, both in the handling of a large amount for new business and in reduction of the unit costs of providing service. Based upon the volume of business equal to that of 1922, a decrease of $1,734,962, or 7.3 per cent, was accomplished in the operating expenses of the electric, gas and railway properties.

"The construction budgets of the operated utility properties for 1924 are estimated at $32,672,000, which represents additions and extensions required to serve additional public demands. This volume of construction and the increase in earnings of the operated public utilities assure a further increase in the business of the Byllesby Engineering and Management Corporation.

"The customer ownership policy of providing equity financing for the operated utility companies through the sale of their stock direct to the people who use their electric and gas services was started in 1915 and developed by the Byllesby Engineering an Management Corporation. During 1923 there were 25.711 separate sales of securities at the operated properties, representing an aggregate par value of securities of $13,099,500. As of December 31, 1923, there were well over 50,000 customers or local shareholders, a gain of over 10,000 for the year. More than 75 per cent of the employes and executives of the Byllesby Engineering and Management Corporation and the operated utilities have invested in the securities of the companies with which they are associated.

"The total number of preferred and common shareholders of Standard Gas and Electric Company is approximately 12,700, representing an increase of over 2,000 during the year."

Earnings of Standard Gas & Electric, exclusive of subsidiaries for the 3-year period ended December 31, compare as follows:

| | 1923 | 1922 | 1921 |
|---|---|---|---|
| Gross earnings | $46,165,533 | $42,164,970 | $39,497,169 |
| Net earnings | 18,711,033 | 16,073,548 | 14,296,982 |
| Aggregate gross balance of earnings retained in surplus or allocated to retirement reserves for the periods operated | 3,453,308 | 2,066,361 | 1,587,272 |

The consolidated general balance sheet as of December 31, 1923, is as follows:

| ASSETS | |
|---|---|
| Securities owned | $61,688,135 |
| Sinking Funds | 100,706 |
| Cash | 647,935 |
| Notes and accounts receivable, etc | 1,589,013 |
| Interest and dividends received, etc | 441,450 |
| Prepaid expenses | 14,188 |
| Total | $64,381,428 |

| LIABILITIES | |
|---|---|
| Preferred stock, 22,000 shares no par value | $16,324,900 |
| Common stock, 22,000 shares no par value | ........ |
| Funded debt | 32,776,000 |
| Notes and accounts payable | 3,175,019 |
| Interest, taxes, etc. | 558,576 |
| Accrued dividends and reserve | 272,267 |
| Capital reserve less unamortized discount, etc | 4,923,337 |
| Surplus | 6,350,329 |
| Total | $64,381,428 |

Officers—†H. M. Byllesby, president; Arthur S. Huey, J. J. O'Brien, George H. Harries, B. W. Lynch, F. C. Gordon and E. J. McKay, vice-presidents; C. C. Levis, vice-president and assistant secretary; Robert J. Graf, secretary and treasurer; M. A. Morrison, Herbert List, P. A. Lehmkuhl and William G. Pohl, assistant secretary and assistant treasurers; L. M. Sage and J. J. Madden, assistant secretaries.

Board of Directors—†H. M. Byllesby, J. H. Briggs, O. G. Corns, A. S. Cummins, H. C. Cummins, D. T. Flynn, *Robert J. Graf, *Arthur S. Huey, R. G. Hunt, C. C. Levis, B. W. Lynch, Donald McDonald, M. A. Morrison, *J. J. O'Brien, William G. Pohl, John H. Roemer and *F. W. Stehr.

*Member of Executive Committee.
†Deceased, Arthur Huey recently elected chairman of Board, and John J. O'Brien, president.

### *Twin State Gas & Elactric Company*

This company serves a number of towns in New York, New Hampshire and Vermont in the heart of the White Mountains and the Green Mountains, including 43 communities with electric light, power and gas. It also operates a street railway from Brattleboro to West Brattleboro, Vermont. In 1923 the number of customers increased from 24,736 to 26,600, and the stockholders from 2,253 to 3,065. As of December 31, 1923, the corporation was capitalized as follows: $1,798,200 prior lien cumulative 7 per cent stock, $1,552,500 preferred cumulative 5 per cent stock and $1,608,900 common. The funded debt aggregated $537,000.

For the fiscal period ended December 31, 1923, the earnings and expenses of Twin State Gas & Electric Co., including those of the Berwick & Salmon Falls Electric Co., whose stock the company owns, were as follows:

| | 1923 | 1922 | 1921 |
|---|---|---|---|
| Gross earnings, inc. merchandise sales | $1,486,706 | $1,351,396 | $1,174,455 |
| Operating expenses, inc. taxes, depreciation, etc. | 959 156 | 846,963 | 724,678 |
| Net earnings | $ 527,550 | $ 503,432 | $ 449,777 |

The net earnings in 1923 showed an increase of $135,310 over 1922. During the year, the company added very materially to its business and at the close of 1923 was serving 21,768 electric customers, an increase of 1,638 over 1922. In addition the company had 4,832 gas customers, making a total of 26,600 customers served. During the year the company continued the sale of its 7 per cent prior lien stock to employes and customers of the company, thereby adding 812 stockholders.

### *Union Electric Light & Power*

The newest American superlative is Superpower. St. Louis civic bodies are saying to industry that their city has become possessed of superpower. When St. Louis, there-

fore, announces superpower, it is making known that Keokuk, the largest hydroelectric development in the middle west, is being pitched to a new 400,000 H. P. steam generating plant, the largest between the Mississippi River and the Pacific Coast. St. Louis enjoys the lowest average electric rates among the fifteen largest cities of the country and the agency of this development is Union Electric Light and Power Company, which supplies the city and metropolitan area about it with power and light.

Union Electric Light & Power Company is one of the principal subsidiaries of the North American Company. It is capitalized at $22,000,000, including $9,000,000 of preferred stock and $13,000,000 of common. Its funded debt aggregates $20,503,000. The property and plant of Union Electric Light & Power is appraised conservatively at $44,534,470. Total assets, including investments, etc., aggregate $62,673,169, contrasting with $28,033,471 on December 31, 1909, fifteen years ago.

Union Electric Light & Power Company shows an uninterrupted progress both as to the number of customers, gross revenue and net earnings after taxes. In 1909, the corporation had 23,805 customers. This list had grown to 203,305 in the twelve months ended October 31, 1924. Virtually all St. Louis industry relies on Union Electric for power. Gross revenue of the corporation has increased from $3,343,412 in 1909 to $15,687,474 in the 12 months ended 1924, while the net after taxes shows a similar increase from $1,989,474 in 1909 to $5,842,783 in 1924.

For many years Union Electric Light & Power Company has prospered in the possession of a 99-year contract under which it receives about one-half the year round production of the large dam in the Mississippi River at Keokuk, Iowa. The value of this contract was disclosed very startingly during the war period of scarce coal and mounting prices, when the company was able to maintain unusual financial prosperity because of this source of cheap power. A new 400,000 H. P. station is being built at Kahokia, Illinois. Ownership is lodged in the Union Electric Power Company of Illinois and the plant is leased for 35 years to Union Electric Light & Power Company of Missouri. Two sections of this plant have already been completed and 130,000 H. P. at work. The third section is now building and the fourth, and final section, will be required, it now appears, not later than 1928. Kahokia is just across the river from St. Louis. It has its necessary large volume of water in the Mississippi River, while the vast Illinois coal fields are barely 20 miles distant. Thus, water and coal, the two necessities for the production of power, are found together at the door of the city which needs their utilization.

The following comparative table shows results of operations of Union Electric Light & Power Company since 1921:

| | Gross Revenue | Net after Taxes | Balance Available for Dividends, etc. |
|---|---|---|---|
| 1924 | $15,687,474 | $5,842,783 | $4,719,503 |
| 1923 | 14,424,713 | 6,443,631 | 4,348,640 |
| 1922 | 12,273,803 | 5,092,110 | 3,942,257 |
| 1921 | 10,978,138 | 4,387,391 | 3,120,616 |

Union Electric Light & Power Company has consistently followed the policy of dealing in electricity in a paying territory. In consequence, it has confined its business to the city of St. Louis, St. Louis County and three other suburban counties with compact metropolitan area of about 1,000 square miles, an area in which service can be maintained at excellence. In consequence, Union Electric has found numerous investors of its securities among its customers. Many customers have bought stock as many as twenty times. Since 1917 approximately 10,000 St. Louis citizens have bought $9,000,000 worth of Union Electric preferred stock.

### *The United Light & Power Company*

The progress of this company during the past twelvemonth has been little short of phenomenal. Announcement at the first of the year that the old United Light & Railways Company had been reorganized, with expanded capital to meet the necessities of a constantly growing business, was followed in September by the news that the reorganized company had purchased control of Continental Gas & Electric Corporation, which in turn had acquired control of a number of important utility companies during the year.

The original company, United Light & Railways Company, was organized by Frank T. Hulswit and associates in 1910, under a charter from the State of Maine. The gross earnings of the companies then included under this control were but little more than $800,000 for the first year of operation. In 1912, 1913 and 1914 other properties were added, since which time until the acquisition of the Continental group no new properties had been bought.

For the year 1914 the gross earnings of these companies were $6,053,338 and the net $2,378,885. At September 30, 1924, the twelve-months gross for the same companies was $12,529,973, and the net $4,524,088. For the same period, the gross of the original United Light properties and the enlarged Continental group was $34,301,684, and the net $14,259,377.

Electric light and power service is furnished to more than 266,400 customers, from nineteen generating stations with 330,000 K.W. capacity. High voltage transmission lines radiate from each of these generating stations, the circuits measuring 2,436 miles, supplying 6,230 miles of distributing lines. The KWH of electric energy sold in the twelve months ended December 31, 1923, were 702,129,810.

Gas service is rendered to over 88,000 customers. The eighteen gas plants have a capacity of over three billion cubic feet per annum, and the sales for the year ended December 31, 1923, were 2,760,922,800 cubic feet, distributed through 931 miles of street mains.

The railway properties include eight modernly equipped street or interurban electric railways, with 416 miles of single track and nearly 500 passenger and freight cars in service. The city lines are largely equipped for one-man car operation, and the interurban lines serve populous centers.

Among the large cities served are Columbus, Ohio, with electric power and light and street railway service; Kansas City, Mo., and a large territory surrounding, with electric power and light; Davenport and Muscatine, Iowa, with electricity, gas, street and interurban railways. The same services are rendered in Rock Island, Moline and East Moline, Ill., and an extended territory surrounding. Gas service and street and interurban railway transportation are furnished the citizens of Cedar Rapids, Iowa; gas is furnished in the city of Chattanooga, Tenn., and suburbs; gas and electricity in La Porte, Ind.; gas, electricity and street and interurban railway service in Mason City, Iowa, and a large territory contiguous; gas and electric service in Fort Dodge, Iowa, and in Iowa City, Iowa; gas and electric service and street railway transportation in Lincoln, Neb., the capital of the state.

The aggregate population served by the combined companies is in excess of 1,750,000. The larger cities are of growing importance in the industrial field, as is shown by the growth of their industries in the reports of the United States Census Bureau for 1921.

The annual report of United Light & Railways Company for the year 1923 contains a supplemental report covering the period from January 1st to September 30, 1924, which gives some interesting information in regard to the properties since the acquisition of Continental Gas & Electric Corporation, as of September 30, 1924.

### *United Railways Company, St. Louis*

This corporation, controlled by the North American Company of New York, has been under receivership since April 12, 1919. A plan of reorganization, dated October 1, 1924, has been adopted and is being promulgated by the refinancing committee of which F. D. Watts of St. Louis is chairman. The reorganization is intended to accomplish the termination of the receivership, reduction of fixed charges, settlement of liquidation and controversies, provide a fair adjustment of the respective interests of the various security holders, provide adequate provision for present and future capital requirements and place the property in a position to render the highest standard of public service. In particular, this reorganization is intended to prevent separa-

tion of the properties and to continue under one management all of the properties now comprising the United Railways system.

Under the reorganization plan, the following securities held by the public will be taken care of by readjustment of new securities:

1. Bonds aggregating $14,290,000, for which $9,790,000 will be exchanged, of St. Louis Transit Company improvement 20-year 5's; $4,500,000 St. Louis & Suburban Railway general mortgage 5's;

2. The following bonds and securities will be paid or acquired for cash: $1,000,000 St. Louis & Suburban Railway first mortgage 5's; $1,640,000 Cass Avenue & Fair Grounds Railway first mortgage 5's; $986,000 Compton Heights United Detroit & Merchants Terminal Railroad first mortgage 6's; $1,474,000 Lindell Railway Company first mortgage 5's and $4,200 receivers' certificates.

The following certificates will likely be eliminated under the contemplated reorganization plan: $16,383,000 preferred stock; $24,913,000 common stock.

The following bonds will remain undisturbed in the reorganization: $30,300,000 United Railways Company of St. Louis general first mortgage 4's.

The following table visualizes the proposed readjustments:

| | | Will Receive | | |
|---|---|---|---|---|
| Present Securities— | Outstanding | New 1st Mtge. 5s | 7% Pref. Stock | Cash and Interest |
| *St. Louis Transit Co. Improvement 5s | $9,790,000 | ........ | 53,845 shs. | $2,937,000 |
| †St. Louis & Subur. Ry. First 5s | 2,000,000 | ........ | ......... | 2,000,000 |
| †St. Louis & Subur. Ry. General Mtge. 5s | 4,500,000 | $4,500,000 | ......... | ........ |
| Cass Ave. & Fair Gr'ds Ry. 1st 5s (6s) | 1,640,000 | ........ | ......... | 1,640,000 |
| Compton Hts. U. D. & M. T. R. R. 1st 6s | 986,000 | ........ | ......... | 986,000 |
| Lindell Ry. 1st 5s (8s) | 1,474,000 | ........ | ......... | 1,474,000 |
| Receivers' certificates | 4,200,000 | ........ | ......... | 4,263,000 |
| To pay or adj. claims | ....... | ........ | ......... | 895,500 |
| Total | $24,590,000 | $4,500,000 | 53,845 shs. | $14,195,562 |

*The reorganization committee will offer to the holders of Transit bonds, for such period and under such regulations as the reorganization committee may prescribe, the right to subscribe for a total of not to exceed 97,900 shares of new common stock at $12.50 cash per share, on the basis of 10 shares of such new common stock for each $1,000 of bonds.

†The foregoing provisions for payment of St. Louis & Suburban Ry. 1st mortgage 5 per cent bonds and for the adjustment of St. Louis & Suburban Ry. general mortgage 5's shall only become operative in the event that the holders of at least 65 per cent in amount of such general mortgage bonds (or such lesser amount as the reorganization committee in its discretion shall deem sufficient) become parties to the plan within such period or periods as the reorganization committee shall determine.

CASH REQUIRED

| Provided by— | Bonds or Notes | Com. Stock | Cash |
|---|---|---|---|
| Sale of Coll. notes or 1st & Ref. bonds | $6,000,000 | .......... | $5,400,000 |
| Sale of new Common stock to bondholders, stockholders & underwriters | ....... | 343,645 shs. | 4,295,562 |
| Cash in hands of receiver (estimated) | ....... | .......... | 4,500,000 |
| Total | $6,000,000 | 343,645 shs. | $14,195,562 |

The reorganization committee will out of the 343,645 shares of new common stock provided under the plan to be sold for cash for reorganization purposes, offer to sell for cash at $12.50 per share, within such time and in conformity with such regulations as it may prescribe, 245,745 shares of such stock to such holders of preferred stock of the United Railways Co. who deposit under the plan, on the basis of 1½ shares of such new common stock for each share of preferred stock so deposited and also will offer to sell at $12.50 per share, pro rata to such holders of preferred stock any new common stock offered to but not subscribed for by the holders of St. Louis Transit Co. Improvenment 20-Year 5's. Any of the shares of new common stock not so purchased by the holders of the St. Louis Transit Co. bonds and (or) by the preferred stockholders will, within such time and in conformity with such regulations as the reorganization committee may prescribe, be offered pro rata at the price of $12.50 cash per share to the common stockholders of United Railways Co. who deposit under the plan.

### *West Ohio Gas Company*

The West Ohio Gas Company is a merger of five public utility companies in western Ohio supplying gas service in Lima and other cities in that part of the state. The company is under the management of Samuel Insull and associates. Mr. Insull is chairman of the company and E. R. Curtin of Lima is president in active charge of the operation of the properties. Other officers are: Vice President, Samuel Insull, Jr..; Assistant to the President, E. R. Curtin, Jr.; Treasurer, George F. Mitchell; Secretary, W. D. Boone; Assistant Treasurer and Assistant Secretary, Frank L. Pringle; Comptroller, W. A. Sauer.

The properties which were combined in November were operated by the Lima Natural Gas Company, the Lima Gas Light Company, the Wapakoneta Gas Company, the St. Mary's Gas Company, and the Celina Gas Company. Purchase of these properties by the West Ohio Gas Company was made for $3,126,230.

The Public Utilities Commission of Ohio has authorized the issuance of $1,000,000 first mortgage, thirty-year 6 per cent bonds, 7 per cent preferred stock with a par value of $750,000 and 75,000 shares of common stock of no par value.

### *Western Public Service Company, Colorado Springs, Colo.*

This company was incorporated in Colorado in 1912 as the Intermountain Railway Light & Power Company to consolidate electric, steam heating and ice manufacturing plants at Laramie, Wyoming, and Las Animas, Colo. It has since purchased and acquired electric lighting and power, water, steam heating and ice manufacturing plants in Nebraska, Texas and other public utility properties in Missouri.

Capital—$1,000,000 authorized, $700,000 outstanding common stock; $1,000,000 authorized, $105,000 outstanding first preferred 7's; $1,000,000 authorized, $660,000 outstanding second preferred 7 per cent stock.

Bonds—$1,220,700 closed divisional first mortgage 6's, $2,151,600 outstanding first refunding and improvement sinking fund 7's; $500,000 mortgage lien gold 6½ per cent notes.

EARNINGS

| | 12 Months Ended September 30 1924 | Calendar Year 1923 |
|---|---|---|
| Gross | $1,331,915 | $1,120,606 |
| Net after taxes, etc. | 476,615 | 377,963 |
| Other revenue | 16,339 | ...... |

Officers—E. C. Van Diest, Pres.; T. R. Newhold, D. P. Strickler, R. Y. Povl, vice-pres., W. M. Wilson, sec. and treas.

### *Western United Corporation*

Organized in 1914, this Illinois corporation is primarily engaged, through subsidiary companies, in the development and distribution of gas, electric power and light and serves a population approximating 350,000. The northern Illinois group, through the Western United Gas & Electric Company, the largest subsidiary of the corporation, serves without competition gas, electric light and power to twelve of sixty-four municipalities in Cook, Kane, McHenry, DuPage, DeKalb, Will and Kendall Counties. Through the Southern Illinois Gas Company, another subsidiary, it serves Southern Illinois, thirteen municipalities in Williams, Jackson, Franklin and Perry Counties, whose combined population approximates 100,000. The Western United Corporation also owns and controls and operates approximately 3,000 acres of coal lands in Illinois and West Virginia. As of January 1, 1924, it acquired control of the entire properties of the Aurora, Elgin and Fox River Electric Company, formerly the Fox River Division of American, Elgin & Chicago Railroad.

Capital—$10,000,000 authorized preferred of which $1,800,000 preferred, Series A, is outstanding, and $3,000,00 7 per cent preferred, Series B, oustanding, both of a par value of $100; $5,250,000 outstanding common stock.

Bonds—$1,300,000 Western United Corporation collateral notes 5's maturing serially 1924 to 1927; $360,000 collateral gold 6½'s, due August 1, 1934; $472,000 collateral 6½'s, due August 1, 1928 and $432,000 8 per cent collateral notes

due August 1, 1926. The corporation also has assumed $[illegible]8,000 of Western United Gas Coal Company of West Virginia 6's, maturing 1925 to 1926. Total funded debt of subsidiary companies as of July 31, 1924, amounted to $11,503,513; capital stock of subsidiary companies, outstanding in the hands of the public, as of above date, amounted to $1,214,100. October 15, last, the corporation offered 5,000 shares of Western United Corporation 7 per cent cumulative preferred stock, Series B, at par.

EARNINGS

| | 12 Months Ended July 31 1924 | 12 Months Ended Jan. 31 1924 |
|---|---|---|
| Gross | *$5,324,706 | $3,832,213 |
| Net revenue | 1,904,514 | 1,190,420 |
| Fixed charges | 823,180 | 559,741 |
| Surplus available for dividends | 1,081,333 | 630,679 |

*Including gross revenue of Aurora, Elgin & Fox River Electric Company.

### *Wisconsin Power and Light Company*

Formerly Eastern Wisconsin Electric Company

The Wisconsin Power and Light Company, formerly Eastern Wisconsin Electric Company, was incorporated under the laws of the State of Wisconsin in 1917, for the purpost of owning and operating public utility properties. Through extensions of and additions to its original properties, and acquisitions through purchase of the properties previously owned and operated by the Wisconsin Power, Light & Heat Co., Janesville Electric Company, Mineral Point Public Service Company, Wisconsin Utilities Company, Middle Wisconsin Power Company and Badger Electric Service Company, the Wisconsin Power and Light Company has enjoyed a most extensive expansion, with the result that the Company's present properties are among the most important utilities in the State of Wisconsin.

The Wisconsin Power and Light Company operates under indeterminate permits granted by the Railroad Commission of the State of Wisconsin. The company is controlled by the Middle West Utilities Company.

The company owns and operates twelve central electric generating stations of which seven are steam and five are hydro-electric. There are approximately 745 miles of high-voltage transmission lines inter-connecting the various districts served with the central power stations. The Company has five gas plants with total rated daily capacity of over 1,575,000 cubic feet. The Company also owns and operates street railway systems serving the cities of Fond du Lac, Oshkosh, and Sheboygan and electric interurban lines connecting the city of Sheboygan with Elkhart Lake and the city of Fond du Lac with the cities of Oshkosh, Neenah and Omro. De Luxe Coach service is also maintained between a number of the larger cities in the territory throughout which the company operates.

The territory served, either directly or indirectly, with electric light and power comprises 151 communities situated in seventeen counties which embrace the well-known and prosperous manufacturing and dairying sections of central eastern Wisconsin, the iron ore fields and granite quarries of western and central Wisconsin, and the zinc fields of southern Wisconsin.

CONSOLIDATED COMPANIES

Growth in Number of Customers Served

| | 1919 | 1920 | 1921 | 1922 | 1923 |
|---|---|---|---|---|---|
| Electric | 22,552 | 26,547 | 29,698 | 31,164 | 39,512 |
| Gas | 6,871 | 7,320 | 8,112 | 8,529 | 8,882 |
| Water | 913 | 834 | 838 | 830 | 827 |
| Heat | 155 | 153 | 150 | 155 | 168 |
| Totals | 30,491 | 34,854 | 38,798 | 40,678 | 49,389 |

CONSOLIDATED INCOME STATEMENT

| | 12 months ending August 31, 1924 |
|---|---|
| Total income | $3,804,633.23 |
| Total expenses including maintenance and taxes | 2,553,080.90 |
| Gross net income | $1,251,552.33 |
| Interest paid | 553,143.82 |
| Balance after fixed charges | $ 698,408.51 |
| Other deductions | 155,930.11 |
| Balance for depreciation and dividends | $ 542,478.40 |

The Company's 745-mile inter-connected transmission system is tied in with the high-voltage transmission lines of the Wisconsin River Power Company and the Southern Wisconsin Power Company. By means of these inter-connections the Wisconsin Power and Light Company is able to obtain large quantities of hydro-electric energy from the Prairie du Sac hydro-electric plant of the Wisconsin River Power Company and the Kilbourn hydro-electric plant of the Southern Wisconsin Power Company; and also to supply these two hydro-electric companies with steam-generated energy from the Company's Sheboygan and other central power stations.

Directors—Britton I. Budd, Martin J. Insull, Leroy J. Clark, Morris F. LaCroix, Marshall E. Sampsell, W. C. Sharp, G. C. Neff.

Officers—Marshall E. Sampsell, president; G. C. Neff, vice president; Leroy J. Clark, secretary; Douglas Shaw, treasurer; Otis Gerke, asst. treas.; Joseph E. Gray, auditor.

### *Street Railway Situation in Omaha*

*By HORACE M. DAVIS*

On the theory that transportation is a necessary public service all people in Omaha are becoming acutely interested in the situation that confronts the street car company.

As the city grows the suburban residents demand extensions of lines, but with the income of the company barely more than is required for operating expenses there is no money to build extensions.

If the rates of fare are raised it is a question as to whether it may not result in losing some business; on the contrary if the transportation industry is to grow in keeping with the increasing demands of the public it must have a larger net revenue.

As an impartial agency the assistance of the Omaha Chamber of Commerce has been invoked to investigate the conditions and make recommendations. The chamber committee finds that not only the car riders but the city as a whole needs the street car service and that discontinued service or a limited service would result in great loss to all classes of society.

The inordinate tax burden put upon the street car company in Omaha is all borne by the men and women who ride the trolleys. In addition to the property tax, the corporation tax and federal taxes, the company pays a percentage of its gross income by way of an occupation tax. This goes into the city treasury. It also pays a tremendous sum each year for paving.

With the paving tax and occupation tax removed the net income from the lines would be correspondingly increased and place the company on a sound financial footing. This relief must come through the passage of new ordinances by the Omaha city commission. The result would be losing that amount of money to the city treasury and making it up by direct taxes on other property. This theory is justified by economists who cling to the theory that a public utility maintains a service that is ready for all comers and that the service is indirectly essential to all people of the community, whether or not they, as individuals, ride the street cars or ride in private automobiles.

As it now is in Omaha the street car company functions as an assistant tax collector and the men and women who use the street cars are paying hundreds of thousands of dollars annually to support the city government and build pavements for the owners and users of automobiles who are correspondingly relieved of that amount of tax burden.

Differing in degree only, the same condition obtains in practically all American cities, where the growing encroachment of automobile traffic has made the operation of electric railway transportation an increasingly hazardous industry. As the situation becomes acute here and there, and the city officials face the possibility of a total discontinuance of street railway service, relief measures hav[illegible] been afforded, usually in the way of decreased tax burd[illegible]